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ANNUAL REPORT 2010/2011

EXECUTIVE MAYOR'S FOREWORD

Mogale City Local Municipality concluded the 2009/2010 financial year on a high note, with the winding up of the prestigious 2010 FIFA World Cup™ which was successfully hosted by South Africa. The country received world acclaim for hosting one of the most spectacular football showpieces FIFA has seen in the history of the beautiful game. The World Cup is about scintillating and nail-biting football, but most of all it is about creating a better world through the intimate exploit of sport. For South Africa, one of the biggest achievements of the World Cup was the maximum unity of people of different social backgrounds and religion who rallied behind the national flag in a manner reminiscent of the first democratic elections of 1994.

Our municipality took this new sense of accomplishment and rejuvenated patriotism into the new financial year of 2010/2011, mindful of the huge responsibility bestowed on the ruling African National Congress to build a better life for the people of Mogale City. We had vowed not to slacken the pace of quality service delivery.

Our late stalwart Walter Sisulu once said, *"It is a law of life that problems arise when conditions are there for their solution."* This important message from this stalwart of our movement was that we should not despair when confronted by a myriad challenges that life throws our way. It is an almost biblical injunction that each problem of the world has a solution. Our people have many social challenges that confront them and the African National Congress is not oblivious to their plight. We took a conscious decision to work together with our people to map out ways of practically addressing their plight and thus build better communities. Therefore the year under review tangibly shows the results of this painstakingly built organic relationship between the people and their popular organisation, the ANC.

The year 2010/2011 also marked the winding down of the 2006-2011 political term. At the beginning of that term we declare our intention to the full implementation of the 2006 ANC Local Elections Manifesto and by the fifth year we had made significant progress to demonstrate our commitment. We had the most robust political engagement with the diverse political voices represented in our Council. As disciplined cadres of the ANC, we did everything in line with the noble traditions of the 99-year old liberation movement by opening up to various opinions and suggestions from other parties in order to make our people's lives better today than they were yesterday. This openness occurred amidst severe criticism and at the risk of disruption and derailment of our programme. We were, however, steadfast and unflinching in making Mogale City a place that all her residents can be proud of.

We know that it is not easy for our detractors to acknowledge the strides we have taken as a municipality to unite our people and build a prosperous life for them in our city. We are fighting hard to banish the demon of racial and class segregation that characterized our past and we are at the forefront of building a non-racial and non-sexist society where all residents are guaranteed a life of dignity.

In the spirit of cooperative governance, we built the soundest relationship with national and provincial departments to ensure that there is synergy and cohesion in service delivery. We collaborated with sister municipalities in the West Rand District Municipality in particular, as well as other municipalities across the country in order to share best practice and expertise so that the mandate to create a better life was accelerated. We had a cohort of committed workers who gave their best performance to assist us in realizing our objectives as a municipality. All of these efforts, as the report shows, confirm that we were indeed committed in working together to build a better life.

LEGISLATIVE BACKGROUND

The 2010/11 Annual Report was compiled in accordance with the requirements of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) and Local Government: Municipal System Act 32 of 2000. The purpose of this report is to:

- provide feedback on annual the financial and non financial performance of the municipality;
- promote accountability to the community for the decisions made from July 2010 to June 2011

This annual report has been developed according to the provision of circular no.11 of the Local Government: Municipal Finance Management Act and it includes:

- Executive Mayor's Foreword
- Overview by the Municipal Manager
- Municipal Performance Highlights
- Auditor-General's Report.
- Audit Committee Report.
- the Audited Annual Financial Statements and
- Audited Performance Report.

In terms of the processes prescribed by the MFMA Section 127(2), the Executive Mayor must within seven months after the end of the financial year table in council the annual report of the Municipality. Council, thereafter, refer the annual report to the Oversight Committee.

Immediately after the annual report has been referred to the Oversight Committee, the Accounting Officer must make the annual report public and invite the local community to submit their comments or inputs.

Section 129 of the Local Government: Municipal Finance Management Act, 2000, states that the Oversight Committee of council must consider the annual report of the municipality by no later than two months from the date which the report was tabled in council. Adopt an oversight report containing statement whether, the council

- a) has approved the annual report with or without reservations.
- b) has rejected the annual report.
- c) has referred back the annual report for revision of those components that can be revised.

CHAPTER 1: OVERVIEW BY THE MUNICIPAL MANAGER

Mogale City Local Municipality closed another eventful and successful fiscal year in 2010/2011. A heightened spirit of quality service delivery was carried from the 2009/2010 financial year into the period under review.

This year saw increased interaction between councillors and officials in the interest of a better life for all in Mogale City. There was increased spending on Mogale City-based cooperatives which performed maintenance projects and provided other services relating to infrastructure and environment.

We rehabilitated our roads network and ensured that our peri-urban areas were socio-economically linked to their urban neighbours. Work on the critical precinct plans for all our peri-urban areas started earnestly. This will result in tangible economic benefits for our peri-urban communities.

We retained our Blue Drop Certificate for the quality of our water with an impressive score of 96.19% thus awarded 9th place of the top ten performers nationally whilst we came third in the Gauteng province. For us these results are not a simple rating of standards of water for one compared to another, but a vivid demonstration of commitment to our vision viz “ Quality service delivery for all in Mogale City”.

We remain heavily indebted to our employees for this sterling performance. The municipality attracts the best in various fields but also deploys best practices in human capital management. To this end, the municipal budget expenditure on salaries remained 29% of Opex, way below the prescribed National Treasury guideline of 33%. We also invested substantially in human capital development.

In the year under review, Mogale City continued to assist its sister municipalities by seconding its senior officials to serve as Acting Municipal Managers in Westonaria LM and West Rand District Municipality.

The municipality organized closer working relationships with tourism operators and successfully hosted a tourism summit that showcased this incredible city of human origin. We also appointed service providers to start on the important task of reviewing our local economic development strategy as well as development of a tourism strategy for the city. This fast-growing city will then

have focused response to the challenges of investment attraction and retention and job creation.

Our collaboration with the national and provincial government departments and state agencies resulted in accelerated delivery on the human settlement side and other areas. Also, we pride ourselves in the fact that ours is a leading city in the effort to deracialise development. Poor black and white folks alike have benefited from government subsidized housing as well as other social development benefits offered by our government.

In conclusion, the municipality is taking gradual and deliberate strides to ensure a better life for the community it serves. It has been particularly pleasing to work with our sister municipalities in the West Rand District Municipality to weave together a vision for a unified city which our leadership envisages shall have been realized by the year 2016. The energy and passion demonstrated in Vision 2016's planning committees gives one the confidence that, come that time, the region shall have put together a viable, self-sustaining, and influential city and institution that is able to compete effectively with cities of similar or bigger elsewhere in the world.

We would like to thank the citizens of our city for their feedback and constant engagement with the municipality. Citizen participation and ownership of our programmes has been the hallmark of our service delivery in Mogale City. We urge our citizens to continue on the positive note and help us improve on our mandate of a better live for all.

Ningadinwa nangomso!

Dan Mashitisho

Municipal Manager

CHAPTER 2: PERFORMANCE HIGHLIGHTS

2.1. Infrastructure Services Department

The Infrastructure Services Department comprises of five sections, namely Roads and Storm Water Management, Water and Sanitation, Electricity Distribution, Building and Facilities Management as well as Fleet Management.

The Major highlights Infrastructure Department were:

2.1.1 Roads and Surface Drainage

MCLM has a total of 1200km road infrastructure, of which 960km is paved (tarred) roads. The remaining 240km of paved road are mostly in rural areas and few newly established townships. During the past year MCLM spent adequately on roads infrastructure, for rehabilitation and re-surfacing (pothole repairs) and new paved roads. MCLM is proud to have roads without potholes in the entire City during the year under review.

The Roads and Surface Drainage total operational budget for the 2010/2011 financial year was R24,2million with the expenditure of approximately R24,1million, which makes it 98%. The 2009/10 expenditure was R15.2million.

The budget for Roads and Surface Drainage projects was utilised on roads maintenance and rehabilitation of roads. These projects were undertaken through labour intensive methods to reduce unemployment, targeting especially the youth and women. The projects were facilitated through the use of local co-operatives.

Mogale-based Cooperative Projects

During the year under review, four local co-operatives were appointed to perform maintenance projects in MCLM. Each co-operatives received a budget of R250,000.00 whereby local labourers from the specific wards were trained, employed, and paid on a fortnightly basis. This was done in consultation with the respective Ward Councillors.

Roads Repair and Maintenance

The Expanded Public Works Programme (EPWP) is one of Government's short-to-medium term programmes aimed at alleviating and reducing unemployment.

MCLM road infrastructure created 504 short term jobs through the use of co-operatives in operational and capital budget projects. During 2010/11 financial year,

the total rand value that was spent by MCLM on co-operatives, was R1.9million compared to the R800,000 spent during the 2009/10 financial year. There was an expenditure growth of R1.1 million on job creation for road projects. MCLM intends to continue on this growth path of providing local co-operatives with job opportunities and drive local economic development.

Table : Co-operatives employed in road repairs and rehabilitation

Local co-operatives Roads and Surface Drainage	DSL & GB Civils Wards: 1,2,3,4,5 & 6	MM Cleaning Wards:6,11,1 3,16,18,20,2 2& 26	Ntshebelo Farming Wards: 6,7,9 15&16	Serontabol e Constr. Wards: 20,24,25 & 27
Roads cleaned: 222,2km	43,1 km	62,8 km	7,7 km	108,6 km
Outlets cleaned: 44	18	4	10	12
Sidewalks cleaned: 28.8 km	1,3 km	12,6 km	-	14,9 km
Channels cleaned: 4.7 km	1.4 km	3.3 km	-	-
Catch pits/Drains cleaned: 666	231	154	161	120
Kerbs laid: 0.1 km	-	0.054	0.085	-
Paved. Sidewalks laid: 0.1km	-	-	0.085	-
Potholes repaired: 535 m²	535 m ²	-	-	-
Catch pits upgraded: 38	-	29	4	5
Manholes upgraded: 5	-	-	-	5

Gravel road graded and gravelled

During the 2010/11 financial year 292.5km of gravel roads were graded compared to 360km of gravel road in 2009/10 financial year. Whereas, in 2010/11 financial year there were 6.3km gravel/dirt roads which was re-gravelled, compared to 5.7 km of road was re- gravelled in the previous year in the rural areas.

Tertiary Roads- Rehabilitation and Resurfacing work

In this project 14,56 km of road rehabilitation was completed within the approved budget during the third quarter. A total of 1122m² patching and pothole repairs were done on the Main Arterial roads and 6,4km roads were rehabilitated during 2010/11.

Erection of street name signs

New street name sign boards were erected at 119 intersections in the industrial and other areas in order to provide better directions for residents and visitors. The challenges experienced however is vandalism and theft of newly installed street name sign boards placed at street corners.

Construction of speed calming measures

In order to reduce pedestrian road accidents caused by speeding motorists around residential areas. MCLM constructed speed calming measures, such as speed humps and stop streets. A large number of these measures are constructed in areas of high pedestrian traffic, such as schools, areas of worship and shopping areas. During the year under review a total of 61 speed calming measures were constructed, 11 more than the annual target of 50.

Sites with speed calming measure in the entire MCLM are the following:

Street Name:	Qty.	Township	Ward:
Joseph Molatola	2	Munsieville Ext 2	27
Joe Slovo	2	Munsieville Ext 2	27
Ernie Matroos	2	Munsieville Ext 2	27
Bafokeng	2	Munsieville Ext 2	27
Rudd	2	Noordheuwel ext 4	21
Figulus	3	Krugersdorp West	20
Naudé	1	Krugersdorp West	20
Premier	1	Krugersdorp North	20
Patrick	2	Kenmare	18
Garrick	2	Silverfields	18
Van Ryneveldt	2	Dan Pienaarville	17
Albert Lithuli	2	Ward 13	13
Otlega	3	Kagiso	9 & 13
Senzangakhona	2	Kagiso	10
Emdeni	2	Kagiso	9
Botho	2	Ward 9	9
Poplar Street	2	Kagiso	8
Mzimela	1	Kagiso Ext 6	7
Lilly Crescent	2	Kagiso Ext 6	7
Kohinoor	2	Azaadville	6
Masedi	2	Kagiso	6
Kesuda	2	Azaadville	6
Thaba Ntlenayana, &Thaba Nchu	4	Kagiso Ext 12	4
Nightingale	2	Rant-dal	17
Loco Road	2	West Village	26
Bapoo	2	Kagiso Central	19
Poplar/Tlou str	2	Kagiso Ext 4	8
Sebenzisa	3	Kagiso Ext 8	13
Shiraz	2	Azaadville	6
Dr Martinez Ramirez	1	Munsieville 4	27
Total	61		

Completed Roads Capital Projects

Roads capital projects approved for implementation are funded through Municipal Infrastructure Grant (MIG) . These projects are approved and implemented according to the National financial year: April to March.

Rietfontein Village Access Road

During 2010/11 financial year, MCLM constructed internal services of all roads and storm water infrastructure within Rietfontein Village to the estimated amount of R 8,8 million. This project consisted of two stages: stage 1 was the construction of 0,54km of road and 455metres of storm water system, Stage 2 involved the construction of 1,779km of road and 442m of storm water system.

Rural Formal Township (LEFTE)

This project consists of the upgrading of the Tswelopele township access road (gravelling) and construction of Sunset Drive link road as the ring road access to Rietfontein Village. Tswelopele township access road (gravelling) R1,6 million for 2.8km and Sunset Drive link road R1,3 million for 0.6 km

Utlwanong storm water upgrade and Kagiso road and storm-water

During the year under review, Utlwanong storm-water capacity was upgraded to mitigate similar flooding experienced in the past years. MCLM re-designed and constructed new storm water network and road to the re-alignment of Utlwanong Drive. The total construction was for 0.525km of new road and 0.467km storm-water development.

Road Backlogs

MCLM has provided a total budget of R 18,66 million for new roads, as indicated in the table below, to reduce road backlogs during the 2010/11 financial year.

	30 June 2009			30 June 2010			30 June 2011		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. of Households & percentage of Total Households)	7%	7%	7%	7 - 10% (30376hh)	6% (30376)	6% (30376)	7% (30376)	7% (30376)	–
Spending on new infrastructure to eliminate backlogs (Rand '000)	R29million	R29million	R29million	R16,0m	R16,0m	R0,00m	R14million	R18,66 million	R18,66 million
Spending on renewal of existing infrastructure to eliminate backlogs (Rand '000)	R25.6million	R25.6million	R25.6million	R26million	R6,0million	R6,10million	R24,0million	R7.1m	R7,1million
Total spending to eliminate backlogs (Rand '000)	R29 million	R29 million	R29 million	R36,0m	R16 million	R5,8 million	R26 million	R5,8 million	R5.8million
Spending on Maintenance to Ensure no new Backlogs are created (Rand '000)	R20 million	R6,23million	R6,16million	R25,0m	R9,6 million	R8,90 million	R25, million	R7.9 million	R7,9 million

2.1.2 Water and Sanitation

Water and Sanitation as a Section within Infrastructure Services Department is tasked with three primary responsibilities:

1. To provide potable water to all Mogale City consumers.
2. To collect, treat effluent received from residential, commercial and industrial consumers and return treated effluent into natural water resources in accordance to Water Services Act, Act No. 108 of 1997.
3. To monitor quality of water distributed to approximately 53 000 residential, industrial and commercial consumer units and wastewater discharged into the Wonderspruit, Blaauwbank Spruit and Magalies River.

Bulk Infrastructure Provision

Water Network

MCLM has 1200 km of water network reticulation to provide potable water to 53 000 of the total 70 000 households. The network covers all proclaimed townships of MCLM. These townships include the new township areas of Chief Mogale, Ethembalethu and Rietfontein Village houses that were constructed during the year under review.

Bulk water purchases of 257 257, 044 kilolitres from Rand Water and Joburg Water amounting to R109,558,998 was supplied to all MCLM consumers. MCLM provided 90 675 000 kilo-litres per annum of tankered water to approximately 17 000 households, in rural informal settlements to the amount of R1.6 million per year. These households are largely in the four rural nodes of Vaalbank in Magaliesburg, Video in Muldersdrift, Matshela-Pata in Tarlton and Hekpoort. Total water backlog is approximately 17 000 households concentrated in Muldersdrift, Tarlton, Hekpoort and Magaliesburg (see the table below).

Basic Water Supply Backlogs

MCLM supports the national programme of universal access to basic water to all households under the jurisdiction. In the effort to provide basic water, MCLM has allocated R1million for new infrastructure to eliminate water backlog in 2010/11 financial year

	30 June 2009			30 June 2010			30 June 2011		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. of Households & percentage of Total Households)	21 702	2295	1000	207 702	2 295	1 640	1700	1078	1078
Spending on new infrastructure to eliminate backlogs (Rand '000)	R76.5million	R13.8million	R11.68million	R64.82million	R4.4million	R 2.96 million	R61.86million	R2 million	R 1million
Spending on renewal of existing infrastructure to eliminate backlogs (Rand '000)	R 30million	R 0	R 0	R 30million	R1.65million	R 1.24million	R28.7million	R 0	R 0
Total spending to eliminate backlogs (Rand '000)	R17.2million	R 17.2million	R17.2 million	R 22 million	R 16 million	R 16 million	R 127 million	R 14 million	R 11 million
Spending on Maintenance to Ensure no new Backlogs are created (Rand '000)	R106.5million	R13.8 million	R11.68 million	R 94.82	R 6. Million	R 4.2million	R 9million	R 2million	R1million

Water Demand and Conservation Management

South Africa is semi-arid country, which implies that all municipalities should use water sparingly. Water demand and conservation management is a programme to encourage all consumers to use water wisely. MCLM four major projects to address Water Demand and Conservation Management during the 2010/11 financial year were:

- Sealing for Water tightness of Munsieville Reservoir.
- Replacement of Jacob Street Main Water Pipeline.
- Refurbishment of Pressure Reducing Valves (PRV's) in Magaliesburg and War on Leaks Programme.

Sanitation network

The total MCLM sewer network is 14 000km in all 53 000 households in proclaimed township of the City. Toilets, municipal ablution facilities and sewer pump stations were serviced at a cost of R3,6million. Approximately 17 000 households at informal settlements with no access to the sewer network. MCLM has provided access to chemical toilets for these households.

Overall 841 chemical toilets were hired at a cost of R753 844 during the financial year under review. At Vlakplaats Plot 6, water was delivered on a daily basis and 310 toilets hired and serviced at a cost of R900,000.

A maintenance contract to the amount of R10,5million (R3,5million per annum) was awarded for the Maintenance of Water and Wastewater Equipment in MCLM, which includes the wastewater treatment works, water- and wastewater pump stations, reservoirs and towers and pressure reducing valves. An audit has been completed to determine the status of the equipment that needs refurbishment and/or replacement.

For Water Network Maintenance, a total of 8,913 complaints have been attended to. 956 faulty water meters were converted, 784 hydrants, valves, meters and meter boxes cleaned, marked or replaced. Approximately 8km of water network were repaired or replaced, and 40 bulk water connections installed. A total of 13,580 hours overtime had been worked. For Wastewater Network Maintenance, approximately 8800 complaints have been attended to and resolved. 1,572 public toilets were serviced, 1,246 pits cleaned, 1,292 pump stations serviced or cleaned, and 22km sewer network cleaned. Approximately 5km sewer network were repaired or replaced.

In the year under-review, MCLM has forfeited some revenue due to unaccounted water. In South Africa, the acceptable norm is that a municipality may lose between 5-15% of unaccounted water. During the 2010/11 financial year, MCLM experienced 25% of unaccounted water. Thus, MCLM unaccounted water control measures would be tighten through monthly reading of water meter and installation of pre-paid meters.

For the 2010/11 financial year, 4,073 household water pipes were installed with pre-paid meters. The installation of prepaid water meters forms part of the projects. To date, 23,949 meters installed, including 5,252 for indigent households.

Attainment of the Blue Drop Water Quality standard

The Minister of Water Affairs introduced the concept of incentive-based regulation in September 2008 to the water sector. This Blue Drop process measures and compares the results of Water Services Authorities (WSA). MCLM has been participating in Blue Drop Assessments since 2008. To achieve a Blue Drop status the WSA has to comply 95% with weighted criteria as enforced by the Department of Water Affairs (DWA).

During the year under review, MCLM achieved blue drop status for a second year with a municipal blue drop score of 96.19%. The supply systems being assessed were the Mogale City/Rand Water supply system, as well as the rural boreholes in MCLM. Nationally, MCLM come out 9th place of the top ten performers. Provincially, MCLM achieved 3rd place. The Blue Drop status provides the community with credible information that the DWA has confidence on the management of water quality within the WSA.

2.1.3. Electricity Distribution

Bulk electricity purchases of 147 607kilowatts from Eskom amounting to R321million was supplied to all MCLM consumers.

Demand side management and energy saving/efficiency initiative

MCLM Electricity Distribution has over the years introduced various initiatives to save on electricity use. These initiatives created major financial savings on the Eskom account, especially with escalating electricity distribution cost. MCLM continues to apply the following methods to reduce electricity cost to consumers:

- Power factor correction
- Ripple Control System
- Staggered tariffs

Electricity tariffs as a stick and carrot approach

The method applied on electricity tariffs structure accommodates all the various objectives such as:

- Build in cross subsidization of the tariffs to the poor.
- The achievement of cost reflectiveness of the provision of electricity as an energy source.
- The encouragement for customers to reduce load and to use it more efficiently and sparingly.
- The encouragement of customers to shift load out of the Peak hour periods.

New electricity connections

During 2010/11 MCLM has energised low-income household in particular indigent households. Munsieville new 360 RDP households have all been provided with electricity prepaid meters. All latest indigent registered customers have been provided with prepaid meters. The newly approved service providers that assist in the registration process have identified more customers that would be provided with prepaid meters, once registered.

Public Lighting to Informal and Rural Communities

During the year under review, improved illumination was provided to the following areas:

- Matshala-Pata
- Plot 140 / Beyers Naude
- Plot 40 / Lanseria
- Kagiso Ext 13
- Rietvallei Ext 3A
- Rietvallei Ext 5
- Hekpoort
- Vogelzang informal settlement
- Munsieville Sports Lights
- Rietvallei Sport Complex
- Muldersdrift Sport complex
- Azaadville Park
- Munsieville Traffic Lights

Electricity Backlogs

MCLM has long provided universal access to electricity to all households in Surveyor General declared townships. This implies that only households not connected to the electricity grid are those in informal settlements. Budget provided for electricity has been largely to bulk infrastructure and distribution. Therefore no budget was allocated to eliminate the backlogs.

	30 June 2009			30 June 2010			30 June 2011		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. of Households & percentage of Total Households)	9-11%	0%	0%	9-11%	0%	0%	9-11%	0%	0%
Spending on new infrastructure to eliminate backlogs (Rand '000)	R87,illion	R87 million	R6million	R90,million	R89, million	R4million	R115 million	R115 million	R24million
Spending on renewal of existing infrastructure to eliminate backlogs (Rand '000)	R244million	R142million	R21million	R264million	R182 million	R4,2 million	R286million	R43 million	R12 million
Total spending to eliminate backlogs (Rand '000)	R332million	R229million	R26million	R354million	R272million	R8million	R401million	R158 million	R35million
Spending on Maintenance to Ensure no new Backlogs are created (Rand '000)	R8million	R8 million	R8.million	R10.million	R10million	R10.36 million	R24 million	R24 million	R24 million

2.2. Economic Services Department

The Department of Economic Services comprises of the four Sections which include Enterprise Development, Rural Development, Human Settlement, and Development Planning.

The major highlights of Economic Services Department were:

2.2.1 Enterprise Development

Construction of hawkers infrastructure

As employment opportunities had become scarce some community members resorted to self-employment through street trading. Hawker trading has increased substantially and continues to provide employment opportunities to some members of the community within MCLM. The trading usually takes place in high traffic volume areas, such as taxi ranks, near train stations and in the CBD. The challenge for street hawkers is access to legal operating sites.

During 2009/10 financial year, MCLM allocated R200,000 to erect 15 hawker trading stalls. Additional eight hawkers trading stalls were built in the 2010/11 financial year in Magaliesburg taxi rank and Muldersdrift.

Tourism Support Initiative

Tourism School Awareness Project.

MCLM hosted School Tourism Awareness Program in MCLM. The event was held on the 18th of September 2010 as part of tourism Month activities.

- The School Tourism Awareness Campaign

This project is specifically designed for learners at grade 12 level studying tourism. The best performing 57 tourism learners in the subject were selected by the Regional Office of the Department of Education from 6 schools throughout Mogale City. The learners were selected from the following schools:

- Mandisa Shiceka Secondary School from Kagiso
- Ahmed Timol Secondary School from Azaadville
- Hoërskool Monument from Krugersdorp North
- Noordheuwel Hoërskool from Noordheuwel
- Kagiso Secondary School from Kagiso
- Hoërskool Bastion from Krugersdorp

This was appreciated and encouraged by all stakeholders to be organised annually and be extended to all municipalities in the West Rand District.

- Domestic Tourism Campaign (Mall Exhibitions)

The purpose of this exhibition was to showcase various tourism offerings by MCLM and to position the city as a preferred tourism destination in Gauteng Province. Sandton City and Eastgate Malls were chosen as venues for the event, because of their high inflow of shoppers and potential tourists and their favourable geographical locations.

Brochures and tourism promotion material were collected from various tourism operators in the City. These areas included amongst others the following:

- Mogale Tourism
- Garden World
- Cassalinga
- Misty Hills
- Munsieville Tourism Association (MTA)
- Kagiso Tourism Association (KTA)
- Magalies Tourism Association (MTA)
- Teaspoon and Tankard
- Maropeng-A- Afrika
- Sterkfontein Caves

Business licensing

Food selling businesses are required by legislation to apply for operating license from the local municipality.

MCLM received 138 applications for food business licences, and 73 operating licences were issued. In terms of percentages, 53% of licenses were issued.

Business Development Support Services

Business Registration

MCLM assists SMME's to register with Companies and Intellectual Property Rights Office at DTI. The focus is on close corporations, co-operatives and amendments of businesses registrations and submissions of annual returns.

- 60 businesses were registered as close corporations
- 47 businesses were registered as co-operatives

SMME Training

Training was organised on corporate governance and management for 156 co-operatives. Additional 76 SMME's were referred to Gauteng Enterprise Propeller for training. The SMME's were trained in the following disciplines:

Training	Number of SMME's
Microsoft Word	15
Cooperate Governance	13
Excel	12
Power Point	12
Costing & Pricing	10
Business Plan Writing	14
Total	76

Business Platform

Business Platform is a network system used by MCLM to communicate business opportunities with SMME's in rural areas. During the year under review, MCLM has installed four information KIOSKS in four rural Libraries, i.e. Tarlton, Magaliesburg, Muldersdrift and Hekpoort.

SMME Roadshow

The objective of the Roadshow was to facilitate access to business information, funding and markets as these have been identified as key hindering factors to the development of small businesses. This roadshow provided opportunities to SMME's to access all the above, also including training opportunities, learnership programs and job opportunities in a one stop shop.

During the 2010/11 financial year MCLM organised institutions of National, Provincial government, parastatals and some private sector organs that expressed interest in the promotion and development of SMME's. The 10 organisations were:

NO.	ORGANIZATION	SERVICES
1	MCLM Supply Chain Management	Database registration & tendering processes
2	Department of Labour	Labour compliance & skills development
3	South African Receiver of Revenue	Tax compliance
4	Gauteng Enterprise Propeller	Training & funding
5	Standard Bank	Financing and banking products
6	Kgwetlo Accounting Services	Book keeping services
7	Construction Industry Development Board	Grading and training programs
8	Zhauns	Business equipment
9	Ricoh	Office equipment
10.	Virgin Active	Health and fitness
11	National Credit Regulator	Credit policies & regulations
12	DPL & H	Information distribution
13	VPK	Training information

LED Strategy

MCLM had taken an exercise to revise the LED strategy and develop a five year policy plan. During the year under review MCLM appointed Messers Urban Econ as a service provider for the revision of the LED Strategy.

Cleaning Chemical Production Co-operative

MCLM has assisted with training of 20 young people from rural areas of the City, to form a co-operative that will manufacture cleaning chemicals. MCLM through its Business Development Support Program identified business opportunities for young people to produce cleaning chemical products. MCLM partnered with VPK Business Venture to establish such a project.

VPK Business Venture received funding from the Chemical Industry Education Authority (CHIETA) to enrol 20 young people for a learnership program with an intention of establishing a co-operative to manufacture cleaning products.

The learnership was divided into two phases. The first phase was theory from February 2010 to August 2010, whereas the second phase was for practical training. At the end of this programme, all learners acquired both the theoretical and practical skills to produce these products and to run a sustainable business.

2.2.2 Rural Development

MCLM seeks to address issues such as land tenure, respond to evictions, provision of basic services and facilitation of socio-economic activities for the previously disadvantaged communities residing in rural areas.

In keeping with the above-mentioned objective, the Section focused on the following projects during the 2010/11 financial year:

Comprehensive Rural Development Strategy and its Implementation Plan

Rural Development has been identified as one of the key delivery areas by the current administration at National government level. This has not only led to Rural Development being identified as a key deliverable in terms of Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all, but has also necessitated a review of the policy framework to ensure that the objective is realised.

Following the approval of the Provincial Rural Development Strategy, MCLM embarked on the process to develop a municipal rural development strategy and its implementation plan using the National and Provincial guidelines. The main aim of the strategy is to investigate and integrate the rural socio-economic, agricultural needs and all other components that complement Rural Development. As at end of June 2011, the Municipality had managed to set up institutional arrangements to roll out the strategy, given its multi-faceted nature. A comprehensive status quo analysis has also been concluded as a basis upon which the strategy will be set.

Although still at its infancy stage, the project has managed to create six temporary jobs in the six rural wards. The Community Liaison Officers (CLO's) are employed to assist the project team to access all communities within their respective wards and ensure that the status quo analysis and ultimately the development proposals cover the entire rural fabric.

Rural Precinct Plans

During the year under review, MCLM developed precinct plans for the areas of Magaliesburg, Hekpoort and Tarlton. The objective of the precinct plans in these areas was to give a thorough insight into the development status of the nodes and possible development activities that can enhance the rural nodes to the benefit of the communities and investors.

Land Acquisition

The Municipality resolved to proactively embark on a drive to acquire land in the rural areas and its objectives to address security tenure agricultural development; and to curb the alarming rate of evictions were to be realised.

Land portions were identified in the Hekpoort area for acquisition in order to address both settlement and agricultural development. Upon approval by the Municipality, the said portions will be acquired.

Emergency Site and Services

The programme of emergency site and services was prompted by the alarming rate of evictions in the rural areas. The objective therefore is to provide temporary security of tenure and rudimentary services that meet the basic standards of both the Municipality and the Gauteng Department of Rural Development and Agriculture (GDARD).

During the year under review, MCLM has identified two areas for site and services, namely in Hekpoort and Magaliesburg. Over 80 households have security of tenure and access to basic services.

Emergency Relief Interventions

The main aim of the programme is to respond to natural disasters and to a certain extent, the effects of evictions on displaced households. The programme mobilises resources, provides aid to disaster stricken households as well as alternative accommodation for the resettlement of the affected households.

During the year under review, 80 households were evicted due to floods, received aid in the form of shack reconstruction, food parcels and blankets. Those that were relocated, further received assistance in terms of transportation to the newly established site and services, provision of construction material and shacks constructed for them.

Municipal Commonage Plans

The prime objective of the commonage programme is to facilitate agricultural development by the communities in the rural areas through the assistance of the Municipality and GDARD. This programme encourages Public Private Partnerships (PPP's) in rolling out agricultural development initiatives for the benefit of the community.

The Municipality has identified two commonage projects known as Vlakdrift and Camel Estates in Tarlton and Magaliesburg, respectively. During the 2010/11 Financial Year, the planning phase was finalised when feasibility studies and business plans for the two projects were developed and approved. In preparation for the implementation phase, Environmental Impact Assessment (EIA) process commenced in May 2011.

2.2.3 Human Settlements

During the year under review MCLM focus was on conducting pre-planning studies for new housing settlements. In order to achieve the 2014 target to eradicate informal settlements, MCLM has undertaken pre-planning studies on the potential sites. Various service providers were appointed to undertake the studies, as indicated below:

Studies	Area	Progress
Pre planning studies	Portion 265 Of The Farm Hekpoort 504 JQ	Land suitable for human settlement development
Pre planning studies	Portion 344 Of The Farm Hekpoort	Land not suitable for human settlement development use, more feasible for agriculture use.
Pre planning studies	Portion 317 Of The Farm Hekpoort	The site was not suitable for permanent housing development or agriculture
Pre- planning studies	Portion 110 Wolvekrans 156 IQ	30 hectares suitable for high density residential development and 9 hectares are suitable for agriculture use.
Detailed planning studies	Portion 1 Volgezang Farm 429 JQ in Hekpoort	

2.2.4 Development Planning

Building Plans and Zoning plans Completed during the year under review

New Building Plans Received From 1 July 2009 to July 2010	Categories	No. of new Applications ***approved in 2009/10	Total Value Applications ***Approved (Rand)	Applications outstanding 30 June 2010
659 Total new submissions	Residential new	116	R181 939 935.00	462
	Residential additions	467	R292 668 662.00	225
	Commercial	19	R 11 850 000.00	15
	Industrial	5	R 1 694 000.00	6
TOTAL		607	R 425 702 419.00	

**number of completed buildings	107	**value of completed buildings R 147,350,588	—	—
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2.3 Social Services Department

Social Services department comprises of four sections which include Social Upliftment, Sports, Arts, Culture and Recreation, Traffic Security and VIP Protection and Motor Vehicle Driver Licensing and Testing.

The major programmes for Social Services were:

2.3.1 Social Upliftment

Poverty Alleviation

During the year under review, R520 391,88 was spent towards grants in aid to individuals and NGO's. During the 2010/11 financial year 10 523 indigents households were recorded on the indigent register as compared to 2 695 in 2009/10 financial year.

Special Focus Groups

During the year under review, a total of 25 programmes were implemented in support of Special Focus Groups. Particular focus was on women, people with disabilities, the elderly and children. Youth development is evidently an area still to be improved on. Four additional programmes were run through Thusong Service Centres for a combination of clientele.

HIV and AIDS Management

MCLM assists National and Provincial government in order to reduce the impact of HIV and Aids through various projects, such as provision of volunteers for home based care centre and condoms distribution. During the year under review, 279 704 people were reached through HIV/Aids door to door campaign compared to 228 349 reached in 2009/10 financial year. This was an increase of 51 433 people reached during the previous year. Moreover, 937 126 male and female condoms were distributed throughout the Municipality.

2.3.2 Sport, Arts, Culture and Recreation

During the year under review, the total headcount registered in the libraries was 435 827 as compared to 333 357 in 2009/2010. A slight drop was also evident in the areas of circulation of library resources and the number of outreach programmes. These areas of intervention will be attended to during 2011/2012 to ensure that there is an increase in the library outreach programmes.

2.3.3 Traffic, Security and VIP Protection

In 2010/11 MCLM focused on road safety education, traffic law enforcement roadblocks, scholar patroller training, erection of road signs and marking of roads. During the year under review 11 156 children were reached through road safety campaigns as compared to 8 346 in 2009/10 financial year. The number of road blocks conducted for traffic law enforcement increased by 785 from 1353 in 2009/10 financial year to 2138 in 2009/10 financial year.

MCLM has secured the services of two security companies to further boost the security of property and assets of the Municipality. This has resulted in the decline in the number of security related incidences such as copper theft, invasion of municipal land and vandalism of municipal infrastructure.

2.3.4 Motor Vehicle and Driver Licensing and Testing

During the year under review, all applications in the areas of learner licenses, driver licenses, motor vehicle licenses (including renewals), conversion of foreign driver licenses, temporary licenses and roadworthiness certificates were processed as received.

Applications processed in 2010/11 financial year were:

Learner license applications considered	5 415
Drivers license applications considered	6 411
Renewal of motor vehicle license applications considered	115 424
Registration of motor vehicle applications considered	25 259
Conversion of foreign driver license applications considered	31
Temporary driver license applications considered	5 672
Roadworthy certificate applications considered	1 050

Social Services completed Capital Projects

- The new Munsieville Sport Hub was completed in 2011/2012 to make the facility of use to the community.
- Library study chairs were procured for Krugersdorp, Lusaka, Sakkie Nel, Lewisham, Kagiso and Desmond Tutu libraries.
- Library Security Systems were installed for Kagiso and Azaadville libraries.

2.4 Integrated Environmental Management Department

The Department of Integrated Environmental Management comprises of three sections of Parks and Cemeteries; Municipal Health and Integrated Environmental Management.

The major programmes undertaken in 2010/11 were:

2.4.1. Parks and Cemeteries

One of the major projects of MCLM Parks and Cemeteries is grass cutting. During the year under review 2340 hectares of grass was cut which shows the improvement as compared to 1797 hectares in the 2009/10 financial year. Moreover, 2632 trees were planted around the Municipal area, distributed during arbor month, fruit trees distributed to households and trees planted in parks.

During the year under review Kagiso Cemetery was upgraded with the addition of a new administrative building, new ablution facilities and upgrading of existing ablutions facilities. Further progress was experienced in the multi-year Kagiso Regional Park. During the 2010/11 financial year the site was rehabilitated, a gabion storm water system constructed and new ablution facilities and parking area completed.

During the year under review Azaadville Park phase 1 was completed with various playgrounds, landscaping, two ablution facilities, multi-purpose court and cycle track. This park was officially opened and handed over to the community in September 2010.

In addition, three new small parks were also developed in Ga-Mogale, Noordheuwel and Kagiso ext 14 in 2010/11 financial year.

Integrated Environmental Management

MCLM also managed to review the Environmental Management Framework (EMF) at a total cost of R1.02 million. Gauteng Department of Agriculture and Rural Development (GDARD) contributed R1 million towards this review. MCLM is also highly participating towards addressing the Acid Mine Drainage (AMD) problem within the western basin as the Municipality is also highly affected.

Environmental Management Success

During the year under review, MCLM achieved gold award at the Garden World garden design competition for the Municipality's garden design. A bronze award was also achieved for the Municipality's garden design at the Sunday Tribune Garden & Leisure Show held in Pietermaritzburg.

During the year under review MCLM participated in the Provincial Bontle ke Botho Clean and Green Campaign wherein wards 6, 9, 12, 13 and 30 won R180 000.00 during the prize giving ceremony held in Randfontein on 24 March 2011.

2.5 Financial Management Services

Financial Management Services Department comprises of six sections, namely Revenue Collection, Credit Control Management, Supply Chain Management, Valuations, Budget and Treasury Office as well as Expenditure Section,

The major highlights of financial management services were:

New rate payers

Immediately after the 2011 Municipal Election, the area previously known as District Management Area (DMA) Cradle of Humankind was incorporated into MCLM boundaries. Approximately 700 new households were included in the list of rate payers. This change was communicated to the ratepayers by both WRDM and MCLM and to date no negative responses have been received.

2.5.1 Revenue Collection

A total of R1 328 billion was billed (representing 94% of the total approved revenue budget for the year). The amount of actual cash collected for 2010/11 financial year received for the main tariffs was R878 268 million (representing 92% of the billed revenue).

The revenue collected, was 92% of the total billed amount for the 2010/11 financial year as compared to 90% collected of the total billed in the 2009/10 financial year. There was a slight increase of 1% from the projected collection rate of 91%. The table below indicates the amount collected per month:

Table 1: Billed income – amount billed to date and cash received. Figures in R 000

Periods	Amount billed for year to date	Cash received as at 30th June 2011	Collection rate as at 30th June 2011
July 2010	75 218	64 511	86%
August 2010	84 897	77 916	92%
September 2010	85 758	80 896	94%
October 2010	86 235	69 117	80%
November 2010	83 487	77 679	93%
December 2010	80 616	78 006	97%
January 2011	78 628	76 746	98%
February 2011	74 701	68 543	92%
March 2011	77 198	75 769	98%
April 2011	77 006	61 966	80%
May 2011	77 920	80 737	104%
June 2011	76 761	66 382	86%
Total	958 424	878 268	92%

2.5.2 Credit Control Management

Municipalities across the country are challenged by low payments for services. MCLM Credit Control Management has also not been successful in collecting outstanding debt from consumers of the services, such as water and electricity. During the year under review an additional debt collector was appointed to help the existing three debt collectors employed by MCLM to assist with the increasing debt of 90 days and beyond. The total debt handed over to debt collectors was R600million during the year under review.

Free basic Services and Indigent households

Government programme of provision of free basic services to all households has been implemented in MCLM. Moreover, indigent households are assisted with subsidized basic services. During the 2010/11 financial year, MCLM approved and subsidized 3606 indigent households. The Municipality wrote off an amount of R14 million of indigents debt in the same year. Indigent households received hundred percent subsidies on rates, sewerage service and refuse removal over and above the 50 kwh and 6 kilolitre of water. The municipality has spent 15 million for all

indigents households.

New Bankers

Standard Bank was appointed as MCLM bankers with effect from 1 June 2011. This migration was vigorously communicated through various media such as Mogale City website, posters, banners, pamphlets and newspapers.

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2.5.3 Supply Chain Management (SCM)

MCLM SCM uses preferential treatment for Black Economic Empowerment and local based service providers. A total of R219million of Tenders (procurement in excess of R200 000) was awarded to black empowered services providers. Mogale City based service providers were awarded R96million from the total R219million during the 2010/11 financial year:

2010/11 Financial year	No of tenders awarded	Total value of tenders awarded (incl extension of scope of work)	No of tenders awarded to Mogale based companies	Total value of tenders awarded to Mogale based companies	% of tenders awarded to Mogale based companies
July to Sept 2010	12	R 43 960 488.16	6	R 8 032 907.09	61.98% (excl ICT tender of R 31 million)
Oct to Dec 2010	13	R 44 022 384.06	6	R 26 299 453.21	59.74%
Jan to March 2011	16	R 85 221 257.54	8	R 31 509 768.32	36.97%
April to June 2011	9	R 46 404 779.99	2	R 30 000 200.00	64.65%
Total	50	R219 608 909.75	22	R 95 842 328.62	50.82% (excl ICT tender of R 31 million)

Provision of Goods and Services from R30 000 to R200 000, advertised on website for 7 days, awarded to black empowerment companies was valued at R8million and Mogale based service providers received R5 million during the 2010/11 financial year:

Quarter 2010/11	No of quotations awarded	Total value of quotations awarded	No of quotations awarded to Mogale based companies	Total value of quotations awarded to Mogale based companies	% of quotations awarded to Mogale based companies
July to Sept 2010	16	R 2 177 397.29	7	R 1 119 826.20	51.43%
Oct to Dec 2010	9	R 1 407 793.08	6	R 1 089 831.68	77.41%
Jan to March 2011	18	R 2 394 122.12	11	R 1 292 890.00	54%
April to June 2011	24	R 2 943 641.41	12	R 1 389 728.74	53.94%
Total	67	R 8 922 953.90	36	R 5 090 308.21	57.05%

Valuation Rolls and related activities in terms of the Municipal Property Rates Act No. 6 of 2004 by Valuation Services Unit 2010-2011

	<i>Required</i>	<i>Budgeted</i>	<i>Actual</i>
1. Valuation Appeal Board (VAB) Hearings for the General Valuation Roll for 2009/10.	R 23 000.00	R 21 162.00	R 22 677.22 (short fall was made by additional funds request to the CFO)
2. Compilation of the Supplementary Valuation Roll for 2010/11.	None	None	None
3. Notices of the Supplementary Valuation Roll for 2010/11 in the Newspapers and Government Gazette as per section 49 (1)(a) of the MPRA.	R 48 000.00	R 85 000.00 *	R 47 715.64
4. Notices to all Ratepayers for the Supplementary Valuation Roll for the financial year 2010/11 as per section 49(1)(c) of the MPRA.	R 3 000.00	R 85 000.00 *	R 2 630.37
5. Annual review of the Rates policy and By-law in terms of sections 5 and 6 of the MPRA.	None	None	None
6. Advert of the By-law in the Government Gazette.	R 18 000.00	R 85 000.00 *	R 17 234.80
7. Printing of MPRA documents i.e. objection forms.	R 3 000.00	R 6 197.00	R 2 617.00

2.6 Corporate Support Services

2.6.1 Human Capital Support: Organisational Development

Employment Equity

The Municipality submitted the EE report to the Department of Labour during the year under review and the Employment Equity Committee is fully functional. The committee was re-established and members trained, the EE Plan was developed and approved to further ensure compliance and reporting.

During the 2010/11 financial year, MCLM successfully hosted a session on sign language awareness. The Municipality will continue to endeavour to ensure that awareness is created around issues relating to disability.

Organizational Structure

The Organizational Structure of the Municipality was reviewed and updated during the year under review to accommodate all the positions that did not reflect on the approved Organisational Structure. The total cost of salaries expenditure for MCLM during the year under review was R373million and Budget for salaries was R282million. Budgeted expenditure in terms of salaries for officials was 29% which excludes remuneration for political office bearers. MCLM expenditure on salaries was below the prescribed National Treasury guideline of 33% of the total budget.

New developed and revised policies

Newly Developed Policies	Revised Policies
1. Induction and Orientation	1. Recruitment and Selection Policy
2. Transfer and Secondment Policy	2. Sexual Harassment Policy
	3. Locomotion Allowance Policy
	4. Regulation and Remuneration of Shift and Overtime

Table : Policy Development

2.6.2 Human Capital Development

MCLM Human Capital Development (HCD) facilitates skills development, training of employees and recruitment of interns and learners to assist to gain job experience.

The programmes undertaken during the year under review are:

Minimum Competency level

National Treasury has issued minimum competency levels, which all Executive Managers and finance personnel of all municipalities should achieve by January 2013. MCLM had three Executive Managers and 36 employees participated by June 2011. MCLM HCD has a programme to ensure that all relevant executives and finance personnel complete the programme by the due date.

Employee Training

MCLM endeavours to facilitate training for employees with the aim of capacitating them with new skills and knowledge in their areas of work and expertise. There was a substantial increase of 153% in the number of employees who attended training in comparison to the previous financial year. The total actual amount spent on the training interventions conducted during the year adds up to R3,814,497.20. This is a significant increase when compared to the previous year's R725 456.16, indicating that the Municipality considers the development of employees as vital for the performance, growth and development of the Municipality.

Internship and learnership programme

Programme	Funder	No. of interns
Internship programme	South African Institute of Civil Engineers	2
	National Treasury	5
Learnership programme	Department of Water Affairs	16
	National Youth Service	122
Graduate Development	South African Institute of Chartered Accountants	6

From the internships and learnerships facilitated, there were 151 individual beneficiaries of which 135 were unemployed graduates and 16 were employees of the Municipality.

Occupational Health and Safety

During the year under review 228 employees were trained on Occupational Health and Safety as part of the compliance with the legislation and inspections were conducted on eight municipal premises accordingly.

Employee Wellness Services

The Employee Wellness Services Office's objective is to promote healthy lifestyles and enhance the quality of life for all employees, as well as operational productivity and work performance. Some of the projects facilitated are aligned to the National Calendar. For the year under review eight National Calendar Events were facilitated, as follows:

- 67 Minutes of Mandela Day
- Women's Day Celebration
- Wellness day
- Breast cancer awareness
- Condom and STI campaign
- TB Campaign
- Flu Vaccine
- Financial Management
- HIV Counselling and testing

2.6.3 Knowledge and Information Management

ICT Strategy, Policies and Operations

During the year under review a new ICT Strategy was developed, which is a Five Year ICT Strategic Plan. It covers ICT investments, service management and governance for the period from 2011 to 2016. An in-house ICT Helpdesk System was implemented for managing ICT service calls.

ICT Infrastructure and Systems Upgrade

The ICT infrastructure and systems were upgraded, the project included the redesign of the network, the implementation of Active Directory and Microsoft Exchange and a comprehensive firewall solution.

During the year under review, a multi-year an integrated system of Enterprise Resource Planning System was procured to provide a single view of information in

the Municipality. The system will replace the incompatible and multiple systems of BIQ finance system, and Munadmin document management system.

2.6.4 Corporate Support Administration

Secretariat Services

For the year under review, the Section successfully presented agendas and minutes for all Council Meetings, and co-ordinated the sitting of 229 meetings. There was a successful issuance of agendas for the various Section 80 Portfolio Committees and Service Delivery Committees. There was an approximate 20% increase in the number of meetings held as compared to the 2009/10 financial year. 100% of Council meeting resolutions were circulated within 14 days after the meeting to ensure that all stakeholders were afforded the opportunity to implement resolution.

Inter-Governmental Relations

MCLM Geographical Names Project has received applications for new names for the new Chief Mogale Housing Development, Kagiso Extension 2&3, as well as the newly promulgated township in Hekpoort. In all occasions, community ownership was the key element as this was done through a public participation process.

Among the current twinning agreements that MCLM enjoys with other municipalities, the Bitou and Mogale City twinning agreement has proved to be gathering more speed with the signing of the Twinning Implementation Plan which is a blueprint on projects to be shared among these sister municipalities.

The IGR Unit has in the past 12 months championed the Mogale City Intergovernmental Service Delivery Forum, a sharing platform for sector government departments, NGO's as well as CBO's based in Mogale City. This quarterly forum brought together all stakeholders to discuss and share their expected deliverables and inputs on the Mogale City IDP process, which had proved to be beneficial to all stakeholders.

Records Management

In the past the Municipality did not have a Records Management Policy and a Registry Procedure Manual which are a legislative requirement. During the year under review both the Policy and Manual were developed and approved by EXCO. Control Registers have been developed as well, of which two are already in use and the other awaiting the establishment of a Records Registry.

Auxiliary Services

Properties

The West Rand District Municipality availed funding amounting to R2,5 Million to Mogale City Local Municipality for the acquisition of Lanwen Hostel. The Municipality and Messrs South Ridge Properties have signed a deed of sale and the property has been registered in the name of the Municipality.

Hall Management

Hall Management is an area which generates income for the Municipality, which is the reason why the Municipality took a decision to embark on a project to refurbish the halls within five years.

The form of both the Council and Mayoral Chambers were also enhanced. The wood walls at the Mayoral Chamber were vanished and the stage wall at the Council Chamber was painted and the carpet flooring and stage curtains were replaced. Branded hall assets have also been procured.

2.6.5 Marketing, Communications and Customer Relations Management

Mogale City was not a World Cup host city, but managed to clinch two top ten soccer nations, being Australia and Portugal, to set their Team Base Camp in the City. The unit launched a dedicated sub-website for the 2010 FIFA World Cup and picture gallery as legacy for the world cup. The sub-website offered Mogale City the opportunity to feed soccer lovers with information on the progress of the World Cup and this was coupled with tourist offerings around the city. The picture gallery is now a monument of this historical event, which came to Africa for the first time, and will be held in trust for posterity.

The unit also launched an electronic staff newsletter during the 2010 FIFA World Cup which has been retained as an internal tool for communication with staff. A Call Centre diagnosis was completed, as a measure of optimising its operations hence forth.

Collaborated with community formations, the Provincial Government Departments and the District on brand building and city promotion and municipality profiling events and activities like Every Child is My Child. The Section spent in excess of R25 000 compared to R85 000 in the 2009/2010 financial year.

2.6.6 Legal Services

Legal Services is tasked with providing legal support to the service delivery departments. In carrying out this mandate, the three sections have performed in the following manner:

Litigation

MCLM has been successful in managing contingent liability. The municipality's provided R15million on contingent liability during the 2010/11 financial, whereas in 2009/10 financial contingency was R27 million. During the financial year under review there was been a 20% reduction in legal costs and 50% reduction of the contingent liability. The major cost drives of contingent liabilities were Motheo group. MCLM has successfully defended more than 95.7% matters referred for Arbitration.

Contracts and SLA

The unit has an obligation to record contractual relationships entered into between the Municipality and third parties. Though the unit is currently understaffed, it has still managed to issue 100% preliminary drafts for all the 92 contracts requests received within the agreed time frames.

The Unit has also established a contracts database and although it is still a manual database it is envisaged that with the full roll out and implementation of the new IT System (ERP) the electronic version of the database will be available for utilisation.

Compliance and General Legal Administration

During the year under review 100% of the legal compliance and general legal administration requests received were attended to within the agreed time frames. The Municipality has always endeavoured to reduce the turnaround time on responding to requests received, and this was achieved.

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CHAPTER 3: HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

During the financial year 2010/11 the staff complement of MCLM was 1824 with 570 vacancies of the total establishment of 2394.

Staff per Function and Vacancy Rate

Department	Functional Area	Total Establishment	Vacant	Staff Complement
Office of the Executive Mayor		22	0	22
Office of the Speaker		86	0	86
Office of the Chief Whip		4	1	3
Subtotal		112	1	111
Municipal Manager	Administration	5	1	4
	Strategic Administrative Support	1	0	1
	Internal Audit	11	2	9
Subtotal		17	3	14
Chief Operating Officer	Administration	2	0	2
	Project Management	4	1	3
	IDP	3	0	3
	Marketing and Communications	31	3	28
	Knowledge and Information Management	16	3	13
Subtotal		56	7	49
Chief Financial Officer	Administration	3	0	3
	Budget and Treasury	14	4	10
	Revenue	82	3	79
	Credit Control and Customer Services	39	7	32
	Expenditure	25	0	25
	Valuations	6	0	6
	Supply Chain Management	37	5	32
Subtotal		206	19	187
Department	Functional Area	Est.	Vacant	Compl.
Corporate Support Services	Administration	3	0	3
	Legal Services	17	8	9
	Corporate Support	109	26	83

	Administration			
	Human Capital Support	14	4	10
	Human Capital Management	23	8	15
	Subtotal	166	46	120
Economic Services	Administration	3	0	3
	Enterprise Development	17	6	11
	Development and Planning	40	13	27
	Special Projects (Rural Development)	9	2	7
	Sustainable Human Settlements	19	5	14
	Subtotal	88	26	62
Infrastructure Services	Administration	3	0	3
	Electricity	175	43	132
	Roads and Surface Drainage	100	38	62
	Facilities Management	88	31	57
	Water and Sanitation	261	66	195
	Subtotal	627	178	449
Integrated Environmental Management	Administration	3	0	3
	Parks Management	198	41	157
	Municipal Health	273	37	236
	Environmental Management	12	4	8
	Subtotal	486	82	404
Social Services	Administration	3	0	3
	Sports, Arts, Culture and Recreation	203	44	159
	Social Upliftment	36	8	28
	Traffic, VIP Protection and Security	339	145	194
	Management Licensing and Drivers Test Centre	55	11	44
	Subtotal	636	208	428
	MCLM Administration	2282	569	1713
Totals	Political Office	112	1	111
Grand Total		2394	570	1824

Pension funds and total number of participants

The total number of employees contributing to the various Pension Funds is 1 593 which constitutes an increase of approximately 10% when compared to the previous financial year, the employer contributes 22% of each member's basic salary, see table below.

	Pension Fund	Total
1	SALGA Pension fund	8
2	National Fund for Municipal Workers	622
3	Municipal Gratuity Fund	381
4	MESHAWU	407
5	SAMWU Pension Fund	107
6	Councillors Pension Fund	68
7	Joint Municipal Fund	-
Total		1593

Medical Aids and total number of participants

The table below indicate that 760 employees subscribed to a Medical Aid which is an increase of about 7% as compared to the previous year.

	Medical Aid	Total
1	Bonitas	263
2	HOSMED	50
3	LA Health	245
4	Key Health	130
5	SAMWUMED	72
Total		760

Trends on Total Personnel Expenditure over the last 5 years, compared to total budget

It is noted that there has been an increase over the past 5 years of the Municipal Personnel Costs, this increase can be attributed to inflationary costs and growth of the Municipality. However, it should also be noted that over the 5 years period there has never been over expenditure due to personnel costs as in indicated on the table below.

Financial Year	Budget	Actual
2008/09	R301 876 063	R287 457 500
2009/10	R329 695 143	R328 985 825
2010/11	R 382 738 454	R373 286 626

Arrears (outstanding monies) owed to the Municipality by Staff/ Councillors/ Executive Managers

The outstanding arrears owed to the Municipality is R51 460.00, as outlined in the table below.

Employees	Amount Owing
Executive Managers/Staff	-
Councillors	R51 460.00
TOTALS	R51 460.00

Recruitment and Selection

The total number appointments for the year under review come to 150 as indicated below, which is a significant increase when compared to the appointments of the previous financial year of 67. The total number of females employed during the year also increased by approximately 37%.

Appointments per Department:

Department	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Political Offices	17	8	-	-	-	-	4	-	29
Municipal Manager's Office	2	3	-	-	-	-	-	-	5
Corporate Support Services	13	9	-	-	-	-	-	-	22
Municipal Finance	7	4	-	-	-	-	1	1	13
Economic Services	4	3	-	-	-	-	-	-	7
Social Services	19	16	-	1	-	-	2	1	39
Integrated Environmental Management	18	13	-	-	-	-	-	-	31
Infrastructure Services	4	-	-	-	-	-	-	-	4
									150

DRAFT

**REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE
AND THE COUNCIL OF THE MOGALE CITY LOCAL MUNICIPALITY**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Mogale City Local Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages XX to XX.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No.56 of 2003)(MFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

7. The Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment* states that subsequent to initial recognition at cost, an item of property, plant and equipment should be carried at cost less accumulated depreciation and accumulated impairment losses. With reference to note 4 to the financial statements I was unable to confirm or verify by alternative means the adjustments made to the opening balances of property, plant and equipment which resulted in the increase in the carrying value by R380 997 966. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of property, plant and equipment.

Qualified opinion

8. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mogale City Local Municipality as at 30 June 2011 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

10. With reference to note 41 to the financial statements, the municipality is the defendant in various court cases. The ultimate outcome of these matters cannot presently be determined, and no provision for any liabilities that may result has been made in the financial statements.

Restatement of corresponding figures

11. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during 30 June 2011 in the financial statements of Mogale City Local Municipality at, and for the year ended, 30 June 2010.

Material losses

12. As disclosed in note 36 to the financial statements, the municipality suffered significant water and electricity distribution losses of 10 659 988 kilolitres and 51 768 281 kilowatts with a value of R49 194 405 and R27 573 207 respectively.

Material impairments

13. As disclosed in note 11 to the financial statements, material impairments to the amount of R48 032 071 were incurred as the recoverability of these amounts is doubtful.

Unauthorised expenditure

14. As disclosed in note 45 to the financial statements, the municipality incurred unauthorised expenditure of R11 823 672 as a result of exceeding the total allocated budget for operating expenditure.

Material underspending of the budget

15. As disclosed in note 52 to the financial statements, the municipality materially underspent its capital budget. At the date of this report, underspending amounted to R49 249 253 due to slow revenue collections which resulted in capital budget not being met.

The impact of this underspending is that:

The municipality did not achieve certain of its objectives in terms of its Service Delivery Budget Implementation Plan.

Additional matter

16. I draw attention to the matters below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

17. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

18. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages XX to XX and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Reliability of information

19. The reported performance information was deficient in respect of the following criteria:

- Accuracy: The amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.

20. The following audit finding relates to the above criteria:

Reported performance against indicators is not accurate when compared to source information

21. For the selected objectives, 37% of the reported indicators were not accurate based on the source information or evidence provided.

Compliance with laws and regulations

Strategic planning and performance management

22. The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury as required by section 72(1)(b) of the MFMA.

Budgets

23. The municipality incurred expenditure in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements, performance and annual reports

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of capital assets, current assets and commitments identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

25. The accounting officer did not take reasonable steps to prevent unauthorised expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

INTERNAL CONTROL

26. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

27. The accounting officer did not exercise adequate oversight to ensure compliance with all laws and regulations, and more specifically with regards to compliance with the MFMA.
28. The accounting officer did not monitor the implementation of action plans to address internal control deficiencies that resulted in a qualified audit opinion.
29. The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of reporting actual performance against predetermined objectives.

Financial and performance management

30. The financial statements were not adequately reviewed for completeness and accuracy by senior management, prior to submission for auditing, as they were subjected to material amendments.

OTHER REPORTS

Investigations

31. An investigation is underway into alleged financial mismanagement and non-compliance with supply chain management processes in the awarding of contracts and the irregular appointment of staff for municipalities in the West Rand.

Auditor - General

Johannesburg

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Mogale City

Local Municipality

Draft

Annual Audit Committee Report

Financial
Year 2010/11

1. INTRODUCTION

We are pleased to present our Annual Audit Committee Report for the financial year ended 30th June 2011.

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee (the Committee) is properly constituted and functions in accordance with provisions of section 166(4) of the Municipal Finance Management Act (MFMA). The Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, conducted its affairs in compliance with this charter, and has discharged of its responsibilities. The Committee membership and number of meetings attended by each member are reflected below:

Name of Member	Number of Meetings Attended
Mr. Seth Radebe (Chairman) - External	7 out of 9 meetings attended
Mr. Bashir Ahmed - External	9 out of 9 meetings attended
Mr. Willy Huma - External	7 out of 9 meetings attended
Mr. Protas Phili - External	5 out of 9 Meetings attended
Mr. Joseph Makoro – External	4 out of 9 meetings attended

The resignation and/or in some instances the non-renewal of some membership term did not in any way affect the functioning of the Committee as these vacancies were filled within two (2) months. Two members of the Committee were retained in order to ensure continuity.

3. PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In consultation with the municipality, the Committee has established a Performance Audit Committee to assist with the discharge of its responsibilities on performance management and evaluation. The membership and meeting attendance of the Performance Audit Committee are reflected below:

Name of Member	Number of Meetings Attended
Mr. Seth Radebe (Chairman) - External	3 out of 5 meetings attended
Mr. Joseph Makoro - External	5 out of 5 meetings attended
Mr. Willy Huma - External	3 out of 5 meetings attended
Ms. Lorraine Mola - External	4 out of 5 Meetings attended
Ms. Phyllis Mabasa – External	2 out of 5 meetings attended

Other regular attendees to the Audit Committee meetings were the following:

- Municipal Manager;
- Chief Operation Officer;
- Chief Financial Officer;
- MMC: Finance;
- Manager : IDP
- Manager: Internal Audit;
- Auditor General representatives;
- Provincial Treasury representatives and

- DLG representatives.

4. AUDIT COMMITTEE RESPONSIBILITY

In the conduct of its duties, the Committee has, inter alia, reviewed the reports from management, internal audit and external auditors (Auditor General) on the following:

- internal financial controls and internal audits;
- risk management;
- accounting policies;
- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance;
- compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality.

5. REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

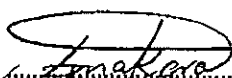
The Committee is of the opinion that based on information and explanations given by management, internal and external auditors, the municipality has and maintains appropriate systems of financial and Performance management, risk management and internal control. Nothing significant has come to the attention of the Committee which indicates a material breakdown in the functioning of these systems and controls. The Committee is satisfied with the independence of the external auditors.

Notwithstanding the aforementioned, the municipality has been battling with legacy issues pertaining to proper records of accounts on Property, Plant and Equipment in accordance with the provisions of the standards of Generally Recognised Accounting Practise, GRAP 17. This has unfortunately led to the Auditor General qualifying the annual financial statement of the municipality. The Committee, in consultation with management and the Auditor General has recommended some measures to remedy this situation, and the Committee is of the opinion that this will be resolved in 2011/2012 financial year.

The Committee also believes that other areas where the levels of maturity can still be improved are in the following areas:

- flow of information and portfolio of evidence to support the performance of the municipality;
- implementation of an appropriate enterprise financial management system (replacement of the BIQ); and
- a review and alignment of the policies and procedures to the latest governance best practices including the organisational structure.

The Committee is aware that these issues are receiving requisite attention from management.



Joseph Makoro

Chairperson of the Audit Committee



Mogale City Local Municipality
(Registration number GT 481)
Annual Financial Statements
for the year ended 30 June 2011

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Municipality
Legislation governing the municipality's financial operations	Municipal Finance Management Act (Act No. 56 of 2003)
Mayoral committee	
Executive Mayor	Cllr. K.C. Seerane
Councillors	Speaker: Cllr. S.M. Thupane Chief Whip: Cllr. S. Dube MMC Finance: Cllr. F.O Bhayat MMC Human Settlement and Rural Development: Cllr. S. Letsie MMC Roads & Transport: Cllr. N.E. Mdlulwa MMC Corporate Services: Cllr. N.C Mangole MMC Infrastructure Development: Cllr. M. Khuzwayo MMC Local Economic Development: Cllr. B. Friedman MMC Health and Social Services: Cllr. E Mathe MMC Integrated Environmental Management : Cllr. M.A Mathibe MMC Sports and Recreation: Cllr. K.A. Setswalo-Moja MMC Public Safety: Cllr. N. Kufa
Grading of local authority	4
Accounting Officer	Mr D.M Mashitisho
Chief Finance Officer (CFO)	Mr L.M.E Mahuma
Registered office	Civic Centre Cnr Commissioner & Market Street Krugersdorp 1740
Business address	Civic Centre Cnr Commissioner & Market Street Krugersdorp 1740
Postal address	P.O Box 94 Krugersdorp 1740
Bankers	First National Bank - Till 31 May 2011 Standard Bank - From 1 June 2011
Auditors	Auditor General

Mogale City Local Municipality

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Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Index

The reports and statements set out below comprise the annual financial statements presented to the municipal council:

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Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash flow statement	7
Accounting Policies	8 - 27
Notes to the Annual Financial Statements	28 - 94

Abbreviations

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
SETA	Services Sector Education & Training Authority
GPR-HIV/AIDS	Gauteng Provincial Local Government and Housing
BKB	Bontle ke Botho
WRDM	West Rand District Municipality
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SRAC	Sports, Recreation, Arts & Culture
DWAF	Department of Water and Forestry
GDSD	Gauteng Department of Social Development

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has, or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors and internal auditors.

The annual financial statements set out on pages 4 to 94, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011:

Mr M.D Mokotedi
Acting Municipal Manager

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010 Restated
ASSETS			
CURRENT ASSETS			
Inventories	9	17,092,208	153,602,892
Other receivables from exchange transactions	10	26,043,224	28,179,395
Consumer debtors	11	293,846,200	232,728,246
Operating lease asset		361,893	-
Cash and cash equivalents	12	39,906,264	88,990,514
		377,249,789	503,501,047
NON-CURRENT ASSETS			
Investment property	3	693,581,994	475,519,554
Property, plant and equipment	4	4,661,303,672	4,717,430,019
Intangible assets	5	6,226,216	2,252,219
Other financial assets (Investments)	6	38,893,698	33,965,695
		5,400,005,580	5,229,167,487
Total Assets		5,777,255,369	5,732,668,534
LIABILITIES			
CURRENT LIABILITIES			
Retirement benefit obligation	8	7,701,821	6,955,464
Bank overdraft	12	570,602	-
Finance lease obligation	14	3,847,688	189,524
Unspent conditional grants and receipts	15	12,311,737	12,133,569
Provisions	16	60,194,928	47,055,550
Trade and other payables from exchange transactions	17	249,932,818	232,077,000
Other financial liabilities	18	11,158,838	12,109,596
Sundry deposits	19	7,593,896	6,805,174
VAT payable	20	65,106,591	65,511,220
Consumer deposits	21	33,294,313	32,846,315
		451,713,232	415,683,412
NON-CURRENT LIABILITIES			
Retirement benefit obligation	8	85,241,263	74,149,841
Finance lease obligation	14	10,492,509	569,188
Provisions	16	46,793,432	41,983,258
Other financial liabilities	18	194,539,357	152,084,339
		337,066,561	268,786,626
TOTAL LIABILITIES		788,779,793	684,470,038
NET ASSETS		4,988,475,576	5,048,198,496
NET ASSETS			
Accumulated surplus		4,988,475,576	5,048,198,496

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010 Restated
REVENUE			
Property rates	24	217,375,414	201,606,972
Property rates - penalties imposed and collection charges		12,225,618	11,593,058
Service charges	25	790,204,861	700,773,332
Government grants & subsidies	26	260,806,280	225,914,207
Rental of facilities and equipment	27	7,738,915	1,601,347
Interest received - external investment	28	7,443,563	9,631,419
Dividends received	28	11,224	-
Interest received - outstanding debtors		7,547,349	12,171,238
Fines		13,159,396	22,797,757
Licences and permits		30,891	20,846
Income from agency services		14,878,605	10,590,503
Other income	29	93,263,489	24,820,689
TOTAL REVENUE		1,424,685,605	1,221,521,368
EXPENDITURE			
Employee related costs	30	(373,286,626)	(327,613,346)
Remuneration of councillors	31	(16,313,074)	(15,336,997)
Depreciation and amortisation	32	(209,307,267)	(242,775,108)
Finance costs	33	(33,209,415)	(31,393,023)
Contracted services	34	(76,831,970)	(51,685,117)
Grants and subsidies paid	35	(4,739,136)	(5,648,933)
Bulk purchases	36	(437,900,851)	(350,205,452)
Debt impairment	37	(48,032,071)	(81,279,078)
Collection costs		(4,053,417)	(4,429,492)
Repairs and maintenance		(88,692,792)	(73,961,749)
General Expenses	38	(192,039,751)	(185,943,570)
TOTAL EXPENDITURE		(1,484,406,370)	(1,370,271,865)
DEFICIT FOR THE YEAR		(59,720,765)	(148,750,497)

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	5,571,896,162	5,571,896,162
Adjustments		
Errors affecting net assets (note 43)	(4,121,067)	(4,121,067)
Prior year adjustments(note 43)	(370,826,102)	(370,826,102)
Balance at 01 July 2009 as restated	5,196,948,993	5,196,948,993
Changes in net assets		
Deficit for the year	(148,750,497)	(148,750,497)
Total changes	(148,750,497)	(148,750,497)
Balance at 01 July 2010 as restated	5,048,198,496	5,048,198,496
Changes in net assets		
Surplus/(Deficit) for the year	(59,720,765)	(59,720,765)
Other changes	(2,155)	(2,155)
Total changes	(59,722,920)	(59,722,920)
Balance at 30 June 2011	4,988,475,576	4,988,475,576

Note(s)

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Cash flow statement

Figures in Rand	Note(s)	2011	2010 Restated
Cash flows from operating activities			
Receipts			
Property rates		217,375,414	201,606,972
Sale of goods and services		790,204,861	700,773,332
Grants		264,089,039	225,914,207
Interest income		7,443,563	9,631,419
Dividends received		11,224	-
Other receipts		145,561,494	93,395,327
		1,424,685,595	1,231,321,257
Payments			
Employee costs		(389,599,728)	(342,950,343)
Suppliers		(786,426,127)	(491,638,881)
Finance costs		(33,209,415)	(31,393,023)
		(1,209,235,270)	(865,982,247)
Net cash flows from operating activities	39	215,450,325	365,339,010
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(150,794,779)	(290,802,019)
Proceeds from sale of property, plant and equipment	4	664,134	11,282,868
Movements of investment property	3	(146,356,000)	-
Purchase of other intangible assets	5	(5,983,511)	(230,100)
Movements of financial assets		(4,928,003)	(4,319,494)
Net cash flows from investing activities		(307,398,159)	(284,068,745)
Cash flows from financing activities			
Movements of other financial liabilities		41,504,260	(38,313,907)
Movements in sundry deposits		788,722	-
Net cash flows from financing activities		42,292,982	(38,313,907)
Net increase/(decrease) in cash and cash equivalents		(49,654,852)	42,956,358
Cash and cash equivalents at the beginning of the year		88,990,514	46,034,156
Cash and cash equivalents at the end of the year	12	39,335,662	88,990,514

Mogale City Local Municipality

(Registration number GT 481)

Trading as Mogale City Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act. No 56 of 2003).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies are consistent with those used to present the previous year's annual financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1 Significant judgements and sources of estimated uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. When any significant judgements and sources of estimates uncertainty are applicable, they have been disclosed in the relevant notes and policies.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment. Heritage assets, which are culturally significant resources and shown at cost are not depreciated owing to the uncertainty regarding their useful lives. Similarly land is not depreciated as it is deemed to have an infinite life.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Cost also includes initial estimates of the cost of dismantling and removing the assets and restoring the site.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary asset, the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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1.2 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. The municipality maintains and acquires assets to provide a social service to the community. The useful lives and economic lives of these assets are equal and consequently no residual values are determined. Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	
• Landfill site	Indefinite
Infrastructure	
• Electricity mains	20-30 years
• Roads	15-60 years
• Water Networks	15-20 years
• Gas	0-20 years
• Sewage	15-20 years
• Pedestrian Malls	20 years
• Airports	20 years
• Security Measures	5 years
• Storm Water	20-60 years
• Pipe Works	10-100 years
• Substations	45 years
Community	
• Buildings	30 years
• Recreation facilities	20 years
Other property, plant and equipment	
• Office equipment	5-10 years
• Furniture & Fittings	7-10 years
• Bins and Containers	5-10 years
• Emergency Equipment	5-15 years
• Motor Vehicles	3-20 years
• Plant and Equipment	2-15 years
• Others	15-100 years
Heritage	0 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the statement of financial performance unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit

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1.2 Property, plant and equipment (continued)

when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Investment property

Investment property includes property (land or a building - or part of a building - or both land and buildings held under finance lease) held to earn rentals or for capital appreciation, rather than held to meet service delivery objectives, production and supply of goods or services, or sale of assets in the ordinary course of operations

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost value. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances.

When the classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business are as follows.

Cost model

Investment property is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Item	Useful life
Property - land	indefinite

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. Intangible assets are identifiable resources controlled by the municipality from which the municipality expects to derive future economic benefits or service potential.

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1.4 Intangible assets (continued)

Intangible asset are identifiable when they can be separated from an economic entity, is capable of being separated or derived from the municipality and sold, exchanged, licensed or when they arise as a result of a contractual or other legal right, excluding those rights that arise from the statute.

An Intangible asset is recognised in the statement of financial position only when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, its cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

Intangible assets are derecognised when the asset is disposed off or when there are no future economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. The gain or losses is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment financial assets

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1.5 Financial instruments (continued)

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

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1.5 Financial instruments (continued)

Subsequent measurement

When a financial asset or financial liability is recognised initially, the economic entity measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the economic entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the economic entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. The economic entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the economic entity applies the following to determine the amount of any impairment loss:

Financial assets carried at amortised cost: If there is objective evidence that an impairment loss on loans and receivables or held-to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in surplus or deficit.

Financial assets carried at cost: If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised in accumulated surplus or deficit and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in accumulated surplus or deficit is reclassified from accumulated surplus or deficit to surplus or deficit as a reclassification adjustment even though the financial asset has not been derecognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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1.5 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Categorisation

The economic entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial asset is any asset that is:

- cash
- contractual right to receive cash or to receive another financial asset from another entity
- a contractual right to exchange financial instruments on potentially favourable terms
- an equity instrument of another entity
- a contract that may or will be settled in the entity's own equity instrument (subject to certain conditions)

The economic entity has the following types of financial assets as reflected on the face of the statement of Financial Position or in the notes thereto

- Investments
- Long term receivables
- Consumer debtors
- Other receivables
- Cash and cash equivalents
- Unlisted shares

In accordance with IAS 39.09 the financial assets of the economic entity are classified as follows into one of the four categories allowed by the standards

The type of financial asset classification in terms of IAS 39.09

- Investments held to maturity
- Long term loans and receivables
- Consumer debtors and receivables
- Other loans and receivables
- Bank balances and cash available for sale
- Unlisted shares available for sale

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Accounting Policies

1.5 Financial instruments (continued)

A financial liability is any liability that is:

- a contractual obligation to deliver cash or to deliver another financial asset
- a contractual obligation to exchange financial instruments on potentially unfavourable terms

The economic entity has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long term liabilities
- Trade and other payables
- Consumer deposits
- Unspent conditional grants and receipts

There are two main categories of financial liabilities, classified based on how they are measured. Any other financial liabilities are classified as financial liabilities that are not measured at fair value through profit and loss.

In accordance with IAS 39.09 the financial liabilities of the economic entity are classified only as financial liabilities that are not measured at fair value through profit or loss because none of the following instruments are held for trading.

Type of financial liability classification in terms of IAS 39.09

- Long term liabilities are financial liabilities that are not measured at fair value through profit and loss.
- Consumer deposits are financial liabilities that are not measured at fair value through profit and loss
- Trade and other payables are financial liabilities that are not measured at fair value through profit and loss
- Unspent conditional grants and receipts are financial liabilities that are not measured at fair value through profit and loss

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

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1.5 Financial instruments (continued)

Impairment of financial assets

Consumer debtors, long term receivables and other debtors are stated at cost less a provision for bad debts. The provision is made on an individual basis or group, based on expected cashflows. At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. If there is evidence then the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39 as an expense in the Statement of Financial Performance. Separate classes of loans and receivables were assessed for impairment using the following methodologies.

Sundry Deposits.

Sundry deposits are assessed for impairment to ensure that no objective evidence exist that these deposits are irrecoverable.

Sundry Debtors.

Sundry debtors are those suspense control accounts classified as financial instruments with debit balances as at year end. Sundry debtors are assessed individually for impairments to ensure that no objective evidence exists that these debtors are irrecoverable

1.6 Leases

Where substantially all the risks and rewards associated with ownership of an asset are transferred to the economic entity, the lease is classified as a finance lease. Operating leases are those leases that do not transfer substantially all the risks and rewards associated with ownership of an asset to the economic entity.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the Statement of Financial Position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payment relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Finance leases - lessee

At the commencement of the lease term, the economic entity recognise finance leases as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the economic entity's incremental borrowing rate is used. Any initial direct costs of the economic entity are added to the amount recognised as an asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred. A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with the relevant accounting policy that the specific depreciable leased asset relates to. If there is no reasonable certainty that the economic entity will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases - lessor

The economic entity present assets subject to operating leases in the Statement of Financial Position according to the nature of the asset. Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease revenue are recognised as an expense. Lease revenue is recognised on a straight-line basis over the lease term even if the receipts are not on such a basis, unless

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1.6 Leases (continued)

another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred by the economic entity in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The depreciation policy for depreciable leased assets is consistent with the economic entity's normal depreciation policy for similar assets.

Operating leases - lessee

Lease payments under an operating lease are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit to the economic entity.

Finance leases - lessee Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the . Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred.

1.7 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the economic entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Inventories identified for write down/write off, but for which a council resolution, to authorise the write down/write off, has not yet been obtained, is provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The weighted average method is the basis of allocating costs to inventories. Unsold properties are valued at cost. Direct costs are accumulated for each separately identifiable development.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or

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Accounting Policies

1.8 Employee benefits (continued)

constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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1.9 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised but rather are disclosed in note 41.

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and those which can be settled within twelve months are treated as current liabilities. All other provisions are treated as non current liabilities.

A provision is used only for expenditures for which the provision was originally recognised

a) Leave provision

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end

b) Landfill rehabilitation provision

The landfill rehabilitation provision is created for the rehabilitation of the current operational landfill site at an estimated time of closure. The value of the provisions based on the expected future cost to rehabilitate the various sites discounted back to the balance date at the cost to capital which is 10%

The municipality has an obligation to rehabilitate the landfill site, the costs include the initial estimate of the cost to rehabilitate the land and restoring the land and restoring the site, the obligation of the municipality incurs as a result of having used the property during the particular period for landfill purposes.

The municipality estimates that the useful life of landfill sites and assumptions thereto which influence the future cost to be provided for.

The asset is measured using the cost model:

- (a) subject to changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the economic entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit

c) Long service award

The municipality offers various types of long service awards to its employees. The present value of the long service award obligation depends on the actuarial assumptions. The assumptions used to determine the obligation include the discount rate, inflation, the average retirement age and the actuarial assumptions. The increase or decrease on the obligation is recognised in the Statement of Financial Performance. The obligation is recognised on the statement of financial position.

d) Gratuity payment provision

The provision is for the unpaid periods and is based on the pro rata accrual to retired employees based on the council resolution

e) Bonus provision

The provision is based on the bonus accruing to all the employees of the municipality

f) Workmans compensation

The provision is for the unpaid periods, estimated in the latest return submitted to the compensation commissioner.

1.10 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the economic entity directly in return for services

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1.10 Revenue from exchange transactions (continued)

rendered /goods sold, the value of which approximates the consideration received or receivable. Revenue is the gross inflows of economic benefits or service potential during the reporting period when those inflows result in increases in net assets, other than increases relating to contributions from owners. Revenue is measured at the fair value of the consideration received or receivable. When the inflow of cash or cash equivalents is deferred and the fair value of the consideration is less than the nominal amount of cash received or receivable, the arrangement effectively constitutes a financing transaction. The fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The imputed rate of interest is the more clearly determinable of either:

- the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue. Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and revenue is recognised when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. There are areas within the economic entity where an un-metered water tariff is applied based on estimated consumption as per promulgated tariffs. Revenue for these is recognised when invoiced.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property size, and are levied monthly.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Dividends are recognised when the economic entity's right to receive payment is established. Revenue from the sale of goods is recognised when the following conditions have been satisfied:

- the economic entity has transferred to the buyer the significant risks and rewards of ownership.
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

1.11 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the economic entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of fines that will be received based on past experience of amounts collected. Revenue from public contributions and donations is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the economic entity.

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1.11 Revenue from non-exchange transactions (continued)

Where public contributions have been received but the economic entity has not met the related conditions, a deferred income (liability) is recognized. Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the economic entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on impairment of assets as per accounting policy number 1.13 and 1.14. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Extended periods is periods that exceeds 3 months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

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1.13 Impairment of cash-generating assets (continued)

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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1.13 Impairment of cash-generating assets (continued)

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any

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1.14 Impairment of non-cash-generating assets (continued)

accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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1.14 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Position in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's Supply Chain Management policy.

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1.16 Irregular expenditure (continued)

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.20 Corresponding figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.21 Budget information

Budget information has been provided as per note 52 to these financial statements

1.22 Going concern

These annual financial statements have been prepared on a going concern basis.

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Figures in Rand

2011

2010
Restated

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:

IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities

The interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- recognised as part of the cost of an item of property, plant and equipment in accordance with the Standard of GRAP on Property, Plant and Equipment (as revised in 2010); and
- recognised as a liability in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) .

The interpretation addresses how the effect of the following events that change the measurement of an existing decommissioning, restoration or similar liability should be accounted for:

- a change in the estimated outflow of resources embodying economic benefits (e.g. cash flows) or service potential required to settle the obligation;
- a change in the current market-based discount rate as defined in paragraph .52 of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) (this includes changes in the time value of money and the risks specific to the liability); and

Contingent Liabilities and Contingent Assets (as revised in 2010) (this includes changes in the time value of money and the risks specific to the liability); and

- an increase that reflects the passage of time (also referred to as the unwinding of the discount).

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 3: Determining Whether an Arrangement Contains a Lease

This Interpretation of the Standards of GRAP does not apply to arrangements that are, or contain, leases excluded from the scope of the Standard of GRAP on Leases (as revised in 2010).

The issues addressed in this Interpretation of the Standards of GRAP are:

- how to determine whether an arrangement is, or contains, a lease as defined in the Standard of GRAP on Leases (as revised in 2010);
- when the assessment or a reassessment of whether an arrangement is, or contains, a lease should be made; and
- if an arrangement is, or contains, a lease, how the payments for the lease should be separated from payments for any other elements in the arrangement.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

This Interpretation of the Standards of GRAP applies to accounting in the financial statements of a contributor for interests arising from decommissioning funds that have both of the following features:

The issues addressed in this Interpretation of the Standards of GRAP are:

- the assets are administered separately (either by being held in a separate legal entity or as segregated assets within another entity); and
- a contributor's right to access the assets is restricted.

A residual interest in a fund that extends beyond a right to reimbursement, such as a right to distributions once all the decommissioning has been completed or on winding up the fund, may be an equity instrument within the scope of the

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2. New standards and interpretations (continued)

Standard of GRAP on Financial Instruments and is not within the scope of this Interpretation of the Standards of GRAP.

The issues addressed in this Interpretation of the Standards of GRAP are:

- how should a contributor account for its interest in a fund?
- when a contributor has an obligation to make additional contributions, for example, in the event of the liquidation of another contributor, how should that obligation be accounted for?

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

This Interpretation of the Standards of GRAP provides guidance on how to apply the requirements of the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010) in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and the entity therefore restates its financial statements in accordance with the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010).

The questions addressed in this Interpretation of the Standards of GRAP are:

- how should the requirement '... stated in terms of the measuring unit current at the reporting date' in paragraph .10 of the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010) be interpreted when an entity applies the Standard of GRAP?
- a contributor's right to access the assets is restricted.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 6: Loyalty Programmes

This Interpretation of the Standards of GRAP applies to customer loyalty award credits that:

- an entity grants to its customers as part of a transaction, i.e. a sale of goods, rendering of services, use by a customer of entity assets; and
- subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

The Interpretation of the Standards of GRAP addresses accounting by the entity that grants award credits to its customers.

The issues addressed in this Interpretation of the Standards of GRAP are:

- whether the entity's obligation to provide free or discounted goods or services ('awards') in the future should be recognised and measured by
 - allocating some of the consideration received or receivable from the sales transaction to the award credits and deferring the recognition of revenue (applying the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010) and the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers); or
 - providing for the estimated future costs of supplying the awards; and
- if consideration is allocated to the award credits:
 - how much should be allocated to them;
 - when revenue should be recognised; and
 - if a third party supplies the awards, how revenue should be measured.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

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2. New standards and interpretations (continued)

IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation of the Standards of GRAP applies to all post-employment defined benefits and other long-term employee defined benefits.

For the purpose of this Interpretation of the Standards of GRAP, minimum funding requirements are any requirements to fund a post-employment or other long-term defined benefit plan.

The issues addressed in this Interpretation of the Standards of GRAP are:

- When refunds or reductions in future contributions should be regarded as available in accordance with paragraph .68 of the Standard of GRAP on Employee Benefits.
- How a minimum funding requirement might affect the availability of reductions in future contributions.

The Interpretation of the Standards of GRAP addresses accounting by the entity that grants award credits to its customers.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions

This Interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of assets in exchange transactions directly or through subcontractors. The construction of assets entered into by entities where funding to support the construction activity will be provided by an appropriation or similar allocation of general government revenue or by aid or grant funds are excluded from the scope of this Interpretation of the Standards of GRAP.

Agreements in the scope of this Interpretation of the Standards of GRAP are agreements for the construction of assets in exchange transactions. In addition to the construction of assets in exchange transactions, such agreements may include the delivery of other goods or services.

The Interpretation of the Standards of GRAP addresses two issues:

- Is the agreement within the scope of the Standard of GRAP on Construction Contracts (as revised in 2010) or the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010)?
- When should revenue from the construction of assets in exchange transactions be recognised?

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 9: Distributions of Non-cash Assets to Owners

This Interpretation of the Standards of GRAP applies to the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners:

- distributions of non-cash assets (e.g. items of property, plant and equipment, entity combinations as defined in the Standard of GRAP on Entity Combinations, ownership interests in another entity or disposal groups as defined in the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)); and
- distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

This Interpretation of the Standards of GRAP applies only to distributions in which all owners of the same class of residual interests are treated equally.

This Interpretation of the Standards of GRAP does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. This exclusion applies to the separate, individual and consolidated financial statements of an entity that makes the distribution.

This Interpretation of the Standards of GRAP does not apply when the non-cash asset is ultimately controlled by the same parties both before and after the distribution. The Standard of GRAP on Entity Combinations states that 'A group of

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2. New standards and interpretations (continued)

individuals shall be regarded as controlling an entity when, as a result of binding arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.' Therefore, for a distribution to be outside the scope of this Interpretation of the Standards of GRAP on the basis that the same parties control the asset both before and after the distribution, a group of individual owners receiving the distribution must have, as a result of binding arrangements, such ultimate collective power over the entity making the distribution.

This Interpretation of the Standards of GRAP does not apply when an entity distributes some of its ownership interests in a controlled entity but retains control of the controlled entity. The entity making a distribution that results in the entity recognising a minority interest in its controlled entity accounts for the distribution in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements.

This Interpretation of the Standards of GRAP addresses only the accounting by an entity that makes a non-cash asset distribution. It does not address the accounting by owners who receive such a distribution.

When an entity declares a dividend or similar distribution and has an obligation to distribute the assets concerned to its owners, it must recognise a liability for the dividend or similar distribution payable. Consequently, this Interpretation of the Standards of GRAP addresses the following issues:

- When should the entity recognise the dividend or similar distribution payable?
- How should an entity measure the dividend or similar distribution payable?
- When an entity settles the dividend or similar distribution payable, how should it account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend or similar distribution payable?

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 10: Assets Received from Customers

This Interpretation of the Standards of GRAP applies to the accounting for the receipt of items of property, plant and equipment by entities that receive such assets from their customers.

Agreements within the scope of this Interpretation of the Standards of GRAP are those in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

This Interpretation of the Standards of GRAP also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

This Interpretation of the Standards of GRAP does not apply to agreements in which the receipt occurs as part of a non-exchange transaction as defined in the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), or infrastructure used in a public-private partnership agreement (see the Guideline on Accounting for Public-private Partnerships), or assets received in a transfer of functions.

The Interpretation of the Standards of GRAP addresses the following issues:

- Is the definition of an asset met?
- If the definition of an asset is met, how should the received item of property, plant and equipment be measured on initial recognition?
- If the item of property, plant and equipment is measured at fair value on initial recognition, how should the resulting credit be accounted for?
- How should the entity account for a receipt of cash from its customer?

The effective date of the interpretation is for years beginning on or after 01 July 2011.

The impact of this amendment is currently being assessed.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

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2. New standards and interpretations (continued)

IGRAP 13: Operating Leases – Incentives

In negotiating a new or renewed operating lease, the lessor may provide incentives for the lessee to enter into the agreement. Examples of such incentives are an up-front cash payment to the lessee or the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvements and costs associated with a pre-existing lease commitment of the lessee). Alternatively, initial periods of the lease term may be agreed to be rent free or at a reduced rent.

The issue is how incentives in an operating lease should be recognised in the financial statements of both the lessee and the lessor.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease

An entity may enter into a transaction or a series of structured transactions (an arrangement) with an unrelated party or parties (an investor) that involves the legal form of a lease. For example, an entity may lease assets to an investor and lease the same assets back, or alternatively, legally sell assets and lease the same assets back. The form of each arrangement and its terms and conditions can vary significantly. In the lease and leaseback example, it may be that the arrangement is designed to achieve a tax advantage for the investor that is shared with the entity in the form of a fee, and not to convey the right to use an asset.

When an arrangement with an investor involves the legal form of a lease, the issues are:

- how to determine whether a series of transactions is linked and should be accounted for as one transaction;
- whether the arrangement meets the definition of a lease under the Standard of GRAP on Leases (as revised in 2010); and, if not,
 - whether a separate investment account and lease payment obligations that might exist represent assets and liabilities of the entity;
 - how the entity should account for other obligations resulting from the arrangement; and
 - how the entity should account for a fee it might receive from an investor.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

IGRAP 15: Revenue – Barter Transactions Involving Advertising Services

An entity (seller) may enter into a barter transaction to provide advertising services in exchange for receiving other services from its customer. Advertisements may be displayed on the Internet or poster sites, broadcast on the television or radio, published in magazines or journals, or presented in another medium. An example could be where a municipality offers advertising services to local businesses in its community newsletters in exchange for repairs and maintenance services provided by those businesses. These repair and maintenance services may, for example, take the form of repairing and maintaining office buildings or motor vehicles owned by the municipality.

In some cases, no cash or other consideration is exchanged between the entities. In some other cases, equal or approximately equal amounts of cash or other consideration are also exchanged.

A seller that provides advertising services in the course of its ordinary activities recognises revenue under the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010) from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar in terms of paragraph .18 in the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010) and the amount of revenue can be measured reliably in terms of paragraph .20(a) in the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010). This Interpretation of the Standards of GRAP only applies to an exchange of dissimilar services. An exchange of similar advertising services is not a transaction that generates revenue under the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010).

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2. New standards and interpretations (continued)

The issue is under what circumstances can a seller reliably measure revenue at the fair value of advertising services received or provided in a barter transaction.

The effective date of the interpretation is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 1 (as revised 2010): Presentation of Financial Statements

The revision resulted in various terminology and definition changes.

Additional commentary has been added, describing the purpose of financial statements in the public sector.

Commentary has been added to explain that where legislation requires a departure from a particular Standard of GRAP and that departure is material, entities cannot claim compliance with the Standards of GRAP.

Additional disclosure requirements have been added regarding the following areas: assets and liabilities included in disposal groups classified as held for sale, biological assets, deferred tax assets (liabilities), tax expense, post-tax surplus or deficit and the use of transitions provision in the accounting policy.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 2 (as revised 2010): Cash Flow Statements

The revision resulted in various terminology and definition changes.

Operating cash flows:

- Where an entity is in the business of renting and subsequently selling the same assets, these cash flows should be regarded as operating rather than investing cash flows.

Investing cash flows:

- Only expenditures incurred on a recognised asset qualify to be classified as investing activities in the cash flow statement.
- Acquisitions and disposals of controlled entities and other operating units:
- Guidance relating to acquisitions and disposals of entities, particularly those on another basis of accounting, has been deleted.

Disclosure of undrawn borrowing facilities, restricted cash balances and the operating, investing and financing cash flows of jointly controlled entities accounted for using the proportionate consolidation method, now encouraged rather than required.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors

The revision resulted in various terminology and definition changes.

Paragraphs added to Changes in accounting policies:

- A change from one basis of accounting to another basis of accounting is a change in accounting policy.
- A change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is regarded as a change in accounting policy.

Selection of accounting policies:

- The reference to the Accounting Practices Committee (APC) of SAICA has been deleted from paragraph .11 on the basis

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2. New standards and interpretations (continued)

that it is not a standard setter and that entities would consider information from a wide range of sources in formulating an accounting policy and not just the pronouncements of the APC.

- Commentary on the selection of benchmark and alternative accounting policies has been deleted.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates

Terminology changes:

Where reference has been made to the net realisable values of inventories, current replacement cost has also been included to allow for the appropriate valuation of inventories where they are distributed as part of a non-exchange transaction. Reference to 'trade' receivables has been amended to 'receivables'.

Monetary items:

Paragraph .15 clarifies that child support grants are 'payables', and not just 'obligations' in terms of the current requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (GRAP 19).

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 9 (as revised 2010): Revenue from Exchange Transactions

The revision resulted in various terminology and definition changes.

Dividends or similar distributions declared from pre-acquisition surpluses:

Paragraph .36 has been amended to encompass not only securities, but any contributed capital.

Various amendments, deletions and additions to examples included in the appendix.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies

Certain terminology changes:

- The reference to 'current cost' in paragraph .30 has been deleted.
- Where reference has been made to 'net realisable value', 'current replacement cost' has been added.

Net monetary position:

References to 'surplus' or 'deficit' have been changed, throughout the document, to 'gain' or 'loss'.

Interpretations:

Text included in this Standard of GRAP from IFRIC Interpretation 7 on Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies has been deleted.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

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2. New standards and interpretations (continued)

GRAP 11 (as revised 2010): Construction Contracts

The revision resulted in certain terminology changes:

Other amendments:

- An example has been added to clarify when an entity acts as a contractor in a construction contract arrangement.
- The example in paragraph .11 has been deleted as it is inappropriate for the South African public sector.
- The explanatory text relating to 'contractors' has been amended to clarify that an entity can be a contractor if it performs construction related activities itself or through subcontractors.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 12 (as revised 2010): Inventories

The revision resulted in various terminology and definition changes.

Cost formulas:

Paragraph .34 was amended and .35 was added to separate the principle from the exception when applying the cost formula for inventories with a similar nature and use to the entity.

Recognition as an expense:

Where reference has been made to 'net realisable value', 'current replacement cost' has been added.

Fair value measurement:

The appendix on how to determine fair value has been deleted.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 13 (as revised 2010): Leases

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .04 has been included to clarify that this Standard does not apply to lease agreements to explore for or use natural resources such as oil, gas, timber, metals and other mineral rights and licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

Non-current Assets Held for Sale and Discontinued Operations:

Paragraph .51 has been added to clarify that finance lease assets classified as held for sale in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations shall be accounted for in accordance with that Standard.

Guidance on accounting for finance leases by lessors:

The paragraph (previously paragraph .53) that provided guidance on the recognition of assets where entities enter into arrangements with private sector entities has been deleted as the Guideline on Accounting for Public Private Partnerships supersedes this guidance.

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2. New standards and interpretations (continued)

Guidance on operating lease incentives and substance over legal form:

The guidance included in the original text on substance over legal form has been deleted.

Classification of leases on land and buildings elements:

The guidance on the classification of land and buildings has been amended to ensure that the element of the lease relating to the land is classified as a finance lease where significant risks and rewards have been transferred, despite there being no transfer of title, consistent with the general classification guidance.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 14 (as revised 2010): Events After the Reporting Date

Existence of a liability for dividends or similar distributions:

Paragraph .13 of GRAP 14 was amended to clarify that no liability exists at the reporting date for dividends or similar distributions declared after the reporting date.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets

The revision resulted in certain terminology changes.

Social benefits:

Paragraphs .08 and .16(a) clarify that social benefits due at year end are 'payables', as the amounts due are certain in terms of legislation.

Binding agreements for restructurings:

Paragraph .87 has been amended to clarify that restructurings may take place in the public sector in terms of directives, legislation or other means. These alternative means are enforceable and may give rise to an obligation.

Interpretations:

In developing the Standard initially, the Board included relevant text from any Interpretation that had been issued by the International Financial Reporting Interpretations Committee (IFRIC) relating to provisions, contingent liabilities and contingent assets. The Board included selected text from IFRIC 1 on Changes in Decommissioning, Restoration and Similar Liabilities and IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds in line with the Board's decisions. The Board concluded at its May 2008 meeting that it would issue any Interpretations as separate documents rather than dispersing the text of the Interpretations across various Standards. As a result, paragraphs .37 to .43, .74 to .80, and Appendix F of the previous version of GRAP 19, have been deleted.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations

The revision resulted in various terminology and definition changes.

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2. New standards and interpretations (continued)

Scope:

Paragraph .07 has been added to clarify the application of other Standards of GRAP to assets classified as non-current assets (or disposal groups) held for sale.

Plan to sell the controlling interest in a controlled entity:

- The Standard has been amended to clarify that an entity that is committed to a sales plan involving loss of control in a controlled entity shall classify all the assets and liabilities of that controlled entity as held for sale when the required criteria are met.
- The Standard has been amended to clarify that an entity that is committed to a sales plan involving loss of control of a controlled entity shall disclose the information required when the controlled entity is a disposal group that meets the definition of a discontinued operation.

Examples included in Appendix:

An additional example has been included regarding sale expected to be completed within one year.

Amendments to be applied as follow:

Paragraphs .13 and .42 were added by the Improvements to GRAP. An entity shall apply those amendments prospectively for annual periods beginning on or after 01 July 2011. If an entity elects to apply the amendments earlier, it shall disclose this fact.

- Any other amendments to the Standards of GRAP shall be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

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2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

A municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

A municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 24: Presentation of Budget Information in the Financial Statements

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2. New standards and interpretations (continued)

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

The effective date of the standard is for years beginning on or after 01 July 2011.

The impact of this standard is currently being assessed.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires a municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when a municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;

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- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

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GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by a municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, a municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, a municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and a municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, a municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, a municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be

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2. New standards and interpretations (continued)

disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grp 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grp 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grp 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

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2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 July 2011.

The impact of this standard is currently being assessed.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments.

Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle a municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, a municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where a municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and

Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. A municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are

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2. New standards and interpretations (continued)

accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. A municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, a municipality can however designate such an instrument to be measured at fair value.

A municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once a municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

A municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

A municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

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2. New standards and interpretations (continued)

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 July 2011.

The impact of this amendment is currently being assessed.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this

Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this

Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 July 2011.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

The municipality does not envisage the adoption of the standard / interpretation until such time as it becomes applicable to the municipality's operations.

3. Investment property

	2011	2010 Restated
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3. Investment property (continued)

	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	693,581,994	-	693,581,994	475,519,554	-	475,519,554

Reconciliation of investment property - 2011

	Opening balance	Additions	Fair value adjustments	Total
Investment property	475,519,554	146,356,000	71,706,440	693,581,994

Reconciliation of investment property - 2010

	Opening balance	Total
Investment property	475,519,554	475,519,554

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The municipality early applied the amended GRAP16 - Investment Property GRAP standard.

4. Property, plant and equipment

	2011			2010 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	422,789,017	(202,129,067)	220,659,950	422,720,222	(191,538,667)	231,181,555
Plant and machinery	22,791,613	(12,760,755)	10,030,858	22,160,220	(9,660,066)	12,500,154
Furniture and fixtures	10,643,822	(8,005,070)	2,638,752	9,698,390	(7,084,487)	2,613,903
Motor vehicles	20,239,167	(15,382,430)	4,856,737	20,239,167	(11,784,857)	8,454,310
IT equipment	12,861,442	(7,803,017)	5,058,425	12,878,743	(5,761,816)	7,116,927
Roads & Electricity	5,740,920,088	(2,553,518,959)	3,187,401,129	5,664,086,454	(2,427,143,075)	3,236,943,379
Community	655,322,009	(325,206,075)	330,115,934	646,012,588	(308,664,126)	337,348,462
Bins and containers	6,643,060	(6,445,003)	198,057	6,500,119	(6,416,253)	83,866
Other leased Assets	15,936,137	(2,654,862)	13,281,275	1,152,566	(905,596)	246,970
Small assets	140,459	(109,953)	30,506	136,055	(70,974)	65,081
Wastewater network	1,132,007,865	(663,422,309)	468,585,556	1,094,314,216	(641,379,348)	452,934,868
Water network	856,249,724	(437,854,592)	418,395,132	847,110,949	(419,221,766)	427,889,183
Heritage	51,361	-	51,361	51,361	-	51,361
Total	8,896,595,764	(4,235,292,092)	4,661,303,672	8,747,061,050	(4,029,631,031)	4,717,430,019

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	231,181,555	68,793	-	(10,590,398)	220,659,950
Plant and machinery	12,500,154	632,891	-	(3,102,187)	10,030,858
Furniture and fixtures	2,613,903	792,895	(20,950)	(747,096)	2,638,752
Motor vehicles	8,454,310	-	-	(3,597,573)	4,856,737
IT equipment	7,116,927	235,512	(253,312)	(2,040,702)	5,058,425
Roads & Electricity	3,236,943,379	76,833,638	-	(126,375,888)	3,187,401,129
Community	337,348,462	10,458,283	(380,445)	(17,310,366)	330,115,934

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4. Property, plant and equipment (continued)

Bins and containers	83,866	142,941	-	(28,750)	198,057
Other leased Assets	246,970	14,783,571	-	(1,749,266)	13,281,275
Small assets	65,081	13,831	(9,427)	(38,979)	30,506
Wastewater network	452,934,868	37,693,649	-	(22,042,961)	468,585,556
Water network	427,889,183	9,138,775	-	(18,632,826)	418,395,132
Heritage	51,361	-	-	-	51,361
	4,717,430,019	150,794,779	(664,134)	(206,256,992)	4,661,303,672

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Buildings	242,135,975	21,944	-	-	(10,976,364)	231,181,555
Plant and machinery	4,633,188	9,396,223	(47,480)	-	(1,481,777)	12,500,154
Furniture and fixtures	2,622,923	1,215,799	(56,742)	-	(1,168,077)	2,613,903
Motor vehicles	11,812,502	311,100	(1,580,991)	-	(2,088,301)	8,454,310
IT equipment	7,641,322	1,988,790	(583,205)	-	(1,929,980)	7,116,927
Roads & Electricity	3,259,467,076	117,133,903	(8,246,033)	(978,305)	(130,433,262)	3,236,943,379
Community	350,579,685	3,748,695	(768,417)	-	(16,211,501)	337,348,462
Bins and containers	1	102,240	-	-	(18,375)	83,866
Other leased Assets	373,654	-	-	(10,230)	(116,454)	246,970
Small assets	69,567	39,873	-	-	(44,359)	65,081
Wastewater network	427,993,227	47,349,157	-	-	(22,407,516)	452,934,868
Water network	337,149,786	109,452,534	-	-	(18,713,137)	427,889,183
Heritage	9,600	41,761	-	-	-	51,361
	4,644,488,506	290,802,019	(11,282,868)	(988,535)	(205,589,103)	4,717,430,019

Other information

Included in the additions is the following work in progress projects.

Work-in-progress reconciliation

Opening balance	168,942,159	277,131,100
Transferred to finished items	(71,736,426)	(108,188,941)
	97,205,733	168,942,159

The municipality has the assets with carrying value of R1 and is intending to replace them in due course. below are the grouped category of those assets

Property plant and equipment	Cost	Accumulated depreciation	Carrying value
Bins an containers	6,397,879	(6,397,878)	1
Electricity	21,710,000	(21,709,999)	1
Leased assets	741,132	(741,131)	1
Motor vehicles	888,115	(888,114)	1
Office equipment	2,225,735	(2,225,734)	1
Plant & equipment	4,826,820	(4,826,819)	1
Roads	4,953,280	(4,953,279)	1
	41,742,961	(41,742,954)	7

5. Intangible assets

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5. Intangible assets (continued)

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	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	8,235,730	(2,009,514)	6,226,216	5,209,651	(2,957,432)	2,252,219

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	2,252,219	5,983,511	(2,009,514)	6,226,216

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software	3,096,670	230,100	(1,074,551)	2,252,219

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6. Other financial assets (Investments)		
Available-for-sale		
Listed shares(Sanlam)	268,986	223,114
Held to maturity		
Investments	38,624,712	33,742,581
Total other financial assets	38,893,698	33,965,695
Non-current assets		
Available-for-sale	268,986	223,114
Held to maturity	38,624,712	33,742,581
	38,893,698	33,965,695

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6. Other financial assets (Investments) (continued)

Available-for-sale equity investments

The carrying amount of these financial instruments is as follows:

Sanlam (Pty) Ltd

9670 interest in ordinary shares	268,986	223,114
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The Listed shares (Sanlam) were valued at 30 June 2011 (as well as 30 June 2010) at the closing price at that date.

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010, as all the financial assets were disposed of at their redemption date.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Held to maturity investments	Available-for- sale	Total
Investment	-	38,624,712	268,986	38,893,698
Other receivables	26,960,631	-	-	26,960,631
Consumer Debtors	293,846,200	-	-	293,846,200
Cash and cash equivalents	-	-	39,335,491	39,335,491
	320,806,831	38,624,712	39,604,477	399,036,020

2010

	Loans and receivables	Held to maturity investments	Available-for- sale	Total
Investment	-	33,742,581	223,114	33,965,695
Other receivables	28,179,395	-	-	28,179,395
Consumer Debtors	232,728,246	-	-	232,728,246
Cash and cash equivalents	-	-	88,990,514	88,990,514
	260,907,641	33,742,581	89,213,628	383,863,850

8. Retirement benefit obligation

Retirement funds

The municipality provides retirement for its employees and councillors. The municipality contributes to defined contribution and defined benefit funds.

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was

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8. Retirement benefit obligation (continued)

recommended that the contribution should be increased by 8% for 12 months. This recommendation is presently being implemented.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Defined Contribution Funds

Where an employee has rendered services to the municipality during the year, the municipality recognises the contribution in exchange for the service immediately as an expense.

Defined Benefit Plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes most of which offer a range of options pertaining to the levels of cover. Upon retirement a retired employee may continue membership of the medical scheme. Upon a member's death-in-service or death -on-retirement the surviving dependants may continue membership of the scheme in-service members will, and continuation members do receive a post retirement subsidy of 60% of the contribution payable, subject to a limit of R 3,092.55 per month for 2010/2011

The defined benefit funds which are run by an independent administrator are actuarially valued on the basis of the projected unit credit method.

Post retirement medical benefit

The municipality provides post retirement medical benefit to ex-employees. These benefits are charged to the Statement of Financial Performance in the year of payment. The expected cost of these are accrued over the period of employment. Independent actuaries carry out these valuations.

The municipality offered employees and continuation member's the opportunity of belonging to one several medical aid schemes, most of which offer range of options pertaining to the level of cover. Upon retirement an employee may continue membership of the medical aid scheme and upon a member's death-in cover or death in retirement, the surviving dependent may continue membership of the scheme.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(92,943,084)	(81,105,305)
Non-current liabilities	(85,241,263)	(74,149,841)
Current liabilities	(7,701,821)	(6,955,464)
	(92,943,084)	(81,105,305)

Movements for the year

Opening balance	81,105,305	73,500,771
Net expense recognised in the statement of financial performance	11,837,779	7,604,534
	92,943,084	81,105,305

Net expense recognised in the statement of financial performance

Current service cost	3,172,675	2,674,292
Contribution paid (Benefits paid)	(3,531,948)	(3,148,860)
Interest cost	7,314,737	6,638,010
Actuarial losses	4,882,315	1,441,092
	11,837,779	7,604,534

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8. Retirement benefit obligation (continued)

Key assumptions used

Assumptions used on last valuation on 30 July 2011.

Discount rates used	8.61 %	9.22 %
Expected rate of return on assets	7.32 %	7.20 %
Expected increase in salaries	1.21 %	1.88 %

Other assumptions.

Key Demographic Assumptions

Assumptions	Values
Average retirement age	65 for males; 60 for females
Continuation of membership at retirement	90%
Proportion assumed married at retirement	90%
Mortality during employment	SA 85-90
Mortality post-retirement	PA90-1 ultimate

Withdrawal from service (Sample annual rates)

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
>55	0%	0%

9. Inventories

Consumable stores	13,755,893	11,077,298
Water	435,314	167,429
Unsold Properties Held for Resale	513,000	137,356,000
Substores	3,949,914	5,002,165
	18,654,121	153,602,892
Inventories (Obsolete write-downs)	(1,561,913)	-
	17,092,208	153,602,892

The municipality had an intention to sell land to the value of R 136,843,000 in 2010 financial year, however in the current year the intention has changed because the municipality is in the process of establishing land entity which will be in charge to dispose land.

10. Other receivables from exchange transactions

Bulk services	14,010,291	13,694,744
Indigent parked amounts	22,741,894	22,741,894
Housing	12,990,823	13,066,463
Staff loans	4,218,292	4,210,630
Debtors leave	451,972	1,369,379
Other receivables	29,068,868	27,953,608
Impairment of other debtors	(57,438,916)	(54,857,323)
	26,043,224	28,179,395

Credit quality of other receivables from exchange transactions

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10. Other receivables from exchange transactions (continued)

The credit quality of other receivables from non-exchange transactions that are neither past nor due or impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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10. Other receivables from exchange transactions (continued)		
Other receivables from exchange transactions past due but not impaired		
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 10,504,115 (2010: R 12,353,064) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	9,899,966	9,700,296
2 months past due	304,303	2,266,096
3 months past due	299,847	386,672
Other receivables from exchange transactions impaired		
As of 30 June 2011, other receivables from non-exchange transactions of R 83,561,661 (2010: R83,036,718) were impaired and provided for.		
The amount of the provision was R 57,438,916 as of 30 June 2011 (2010: R 54,857,323).		
The ageing of these other debtors is as follows:		
Over 6 months	57,438,916	54,857,323
Reconciliation of provision for impairment of other receivables from exchange transactions		
Opening balance	(54,857,323)	(62,186,900)
Provision for impairment	(2,581,593)	-
Reversal of provision	-	7,329,577
	(57,438,916)	(54,857,323)
11. Consumer debtors		
Gross balances		
Rates	206,223,298	177,183,767
Electricity	86,692,792	66,589,588
Water	117,997,113	106,190,756
Sewerage	91,069,632	79,126,292
Refuse	140,820,065	129,901,068
Other	160,328,894	155,032,794
Credit Balances transferred to creditors	31,597,415	28,128,692
	834,729,209	742,152,957
Less: Provision for debt impairment		
Rates	(148,649,360)	(148,522,029)
Electricity	(19,117,558)	(16,708,206)
Water	(91,289,734)	(82,770,461)
Sewerage	(74,555,830)	(64,561,986)
Refuse	(124,922,263)	(116,527,410)
Other	(82,348,264)	(80,334,619)
	(540,883,009)	(509,424,711)
Net balance		
Rates	57,573,938	28,661,738
Electricity	67,575,234	49,881,382

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11. Consumer debtors (continued)		
Water	26,707,379	23,420,295
Sewerage	16,513,802	14,564,306
Refuse	15,897,802	13,373,658
Other	77,980,630	74,698,175
Credit Balances transferred to creditors	31,597,415	28,128,692
	293,846,200	232,728,246
Rates		
Current (0 -30 days)	71,866,152	37,833,797
31 - 60 days	4,455,640	2,201,901
61 - 90 days	3,580,352	73,920,639
91 - 120 days	126,321,154	63,227,430
	206,223,298	177,183,767
Electricity		
Current (0 -30 days)	58,364,439	40,470,390
31 - 60 days	8,096,061	9,242,463
61 - 90 days	1,653,065	9,838,371
91 - 120 days	18,579,227	7,038,364
	86,692,792	66,589,588
Water		
Current (0 -30 days)	20,461,891	19,032,526
31 - 60 days	6,352,166	4,993,315
61 - 90 days	2,434,004	25,924,214
91 - 120 days	88,749,052	56,240,701
	117,997,113	106,190,756
Sewerage		
Current (0 -30 days)	11,430,018	8,518,352
31 - 60 days	4,049,283	3,397,661
61 - 90 days	1,901,275	25,182,584
91 - 120 days	73,689,056	42,027,695
	91,069,632	79,126,292
Refuse		
Current (0 -30 days)	10,817,883	8,907,133
31 - 60 days	3,396,767	3,990,177
61 - 90 days	2,223,218	33,445,017
91 - 120 days	124,382,197	83,558,741
	140,820,065	129,901,068
Credit Balances transferred to creditors		
Current (0 -30 days)	5,134,145	3,271,883
31 - 60 days	3,095,460	2,322,431
61 - 90 days	1,054,243	708,273
91 - 120 days	22,313,567	21,826,105
	31,597,415	28,128,692
Other		
Current (0 -30 days)	29,596,329	23,152,467

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11. Consumer debtors (continued)		
31 - 60 days	5,887,267	6,844,058
61 - 90 days	4,079,866	48,228,601
91 - 120 days	120,765,432	76,807,668
	160,328,894	155,032,794
Reconciliation of debt impairment provision		
Balance at beginning of the year	(567,666,893)	(516,108,934)
Contributions to provision	(48,032,071)	(81,279,078)
Debt impairment written off against provision	14,193,910	29,721,119
	(601,505,054)	(567,666,893)
Credit quality of consumer debtors		
The credit quality of consumer debtors that are neither past, due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 216,378,737 (2010: R 252,887,426.33) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	172,051,993	114,933,472
2 months past due	25,004,288	74,765,559
3 months past due	19,322,456	63,188,394
Consumer debtors impaired		
As of 30 June 2011, consumer debtors of R 834,729,209 (2010: R 742,152,957) were impaired and provided for.		
The amount of the provision was R 540,883,009 as of 30 June 2011 (2010: R 509,424,711).		
The ageing of these debtors are as follows:		
Over 6 months	540,883,009	509,424,711
Reconciliation of provision for impairment of consumer debtors		
Opening balance	509,424,711	447,137,167
Provision for impairment	31,458,298	62,287,544
	540,883,009	509,424,711
Receivables from non-exchange transactions included in Consumer debtors		
Rates	57,573,938	28,661,738
Receivables from exchange transactions included in Consumer debtors		
Electricity	67,575,234	49,881,382
Water	26,707,379	23,420,295
Sewerage	16,513,802	14,564,306
Refuse	15,897,802	13,373,658
Other	77,980,630	74,698,175
	204,674,847	175,937,816

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12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	25,226	27,950
Bank balances	17,017,475	24,710,702
Call accounts money market accounts	22,863,563	64,251,862
Bank overdraft	(570,602)	-
	39,335,662	88,990,514
Current assets	39,906,264	88,990,514
Current liabilities	(570,602)	-
	39,335,662	88,990,514

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral [This collateral are held by Eskom Holdings Limited and South African Post Office]	361,800	361,800
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12. Cash and cash equivalents (continued)

Guarantee no. G0657/350385/GLO: First Rand Bank Limited has been binded as guarantor to Eskom Holdings Limited for the due payments of all amounts due and payable, or which may become due and payable by the municipality to eskom in terms of the eletricity supply agreement entered into between Eskom and the customer for the supply of electricity to porion 39, Kagiso (Waterboard) provided that the total amount to be recovered from Guarantor shall not exceed the sum of R 21,800.

Guarantee no. G0657/350386/GLO: First Rand Bank Limited has been binded as guarantor to Eskom Holdings Limited for the due payments of all amounts due and payable, or which may become due and payable by the municipality to eskom in terms of the eletricity supply agreement entered into between Eskom and the customer for the supply of electricity to porion 96, Kagiso (Hostel 1, Transfomer 1) provided that the total amount to be recovered from Guarantor shall not exceed the sum of R 43,100.

Guarantee no. G0657/350387/GLO: First Rand Bank Limited has been binded as guarantor to Eskom Holdings Limited for the due payments of all amounts due and payable, or which may become due and payable by the municipality to eskom in terms of the eletricity supply agreement entered into between Eskom and the customer for the supply of electricity to porion 96, Kagiso (Hostel 1, Transformer 2) provided that the total amount to be recovered from Guarantor shall not exceed the sum of R 43,100.

Guarantee no. G0657/350391/GLO: First Rand Bank Limited has been binded as guarantor to Eskom Holdings Limited for the due payments of all amounts due and payable, or which may become due and payable by the municipality to eskom in terms of the eletricity supply agreement entered into between Eskom and the customer for the supply of electricity to porion 96, Kagiso (Hostel 1, Transformer 3) provided that the total amount to be recovered from Guarantor shall not exceed the sum of R 53,800.

Guarantee no. G0657/396345/GLO: First Rand Bank Limited has been binded as guarantor to South African Post Office for payments of all amounts due and payable, or which may become due and payable by the municipality in respect of bulk postings provided that the total amount to be recovered under this payment Guarantee shall not exceed in agregate the sum of R 200,000.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
First National Bank - Corporate Services Account - 6204-542-3491	(2,215)	100,000	100,000	(2,215)	100,000	100,000
First National Bank - Corporate Services Account - 6204-542-2469	100,000	100,000	100,000	100,000	100,000	100,000
First National Bank- Coporate Services Account - 6204-523-1074	6,721,924	19,256,006	23,336,795	6,721,924	19,256,006	23,336,795
First National Bank - Coporate Services Account - 6208-172-0114	50,000	50,000	50,000	50,000	50,000	50,000
First National Bank- Corporate Services Account-6212-767-4358	(205)	4,865,123	1,402,955	(205)	4,865,123	1,402,955

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12. Cash and cash equivalents (continued)						
First National Bank-Corporate Services Account-Social responsibility	(205)	163,158	-	(205)	163,158	-
First National Bank-Corporate Service Account-6228-265-1621	116,024	-	-	116,024	-	-
Standard Bank- 021307482 Trust Account . Madikane	90,425	-	-	90,425	-	-
Standard Bank-021307474	-	176,415	160,134	-	176,415	160,134
Cheque Accounts	1,084,935	-	-	1,084,935	-	-
Standard Bank- 021307385	515,805	-	-	515,805	-	-
Cheque Accounts	1,284,594	-	-	1,284,594	-	-
Standard Bank- 021307172	(567,977)	-	-	(567,977)	-	-
Cheque Accounts	3,079,783	-	-	3,079,783	-	-
Standard Bank-021306958	3,973,804	-	-	3,973,804	-	-
Cheque Accounts	22,863,564	64,251,862	-	22,863,564	64,251,862	-
Call Account	25,226	27,950	-	25,226	27,950	-
Petty Cash	180	-	-	180	-	-
Absa 40-6870-7232	570,602	-	-	570,602	-	-
Bank overdraft						
Total	39,906,264	88,990,514	25,149,884	39,906,264	88,990,514	25,149,884

13. Non-current receivables

Impairment receivables	(3,187,029)	(3,388,759)
Sundry loans	2,706,945	2,849,234
Receivables credit balances transferred(creditors)	-	835
Stand and housing loans capital	480,084	538,690
	-	-

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Non-current receivables impaired

As of 30 June 2011, trade and other receivables of R 3,187,029 (2010: R 3,388,759) were impaired and provided for.

The amount of the provision was R 3,187,029 as of 30 June 2011 (2010: R 3,388,759).

The ageing of these loans is as follows:

Over 6 months	3,187,029	3,388,759
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Reconciliation of provision for impairment of non-current receivables

Opening balance	(3,388,759)	(6,784,867)
Reversal of provision	201,730	3,396,108
	(3,187,029)	(3,388,759)

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14. Finance lease obligation		
Minimum lease payments due		
- within one year	8,047,080	279,041
- in second to fifth year inclusive	13,300,489	390,151
- later than five years	2,489,198	2,359,412
	23,836,767	3,028,604
less: future finance charges	(9,496,569)	(2,269,892)
Present value of minimum lease payments	14,340,198	758,712
Present value of minimum lease payments due		
- within one year	3,847,688	189,524
- in second to fifth year inclusive	9,742,772	47,596
- later than five years	749,738	521,592
	14,340,198	758,712
Non-current liabilities	10,492,509	569,188
Current liabilities	3,847,688	189,524
	14,340,197	758,712

It is municipality policy to lease certain property, motor vehicles and equipment under finance leases.

The average lease term is 36 months.

Interest rates are either fixed or variable. Some leases have fixed repayment terms and others escalate on a fixed rate and some fluctuate with prime lending rate.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

MIG grants	-	3,869,327
Department of Housing	2,295,011	2,295,011
SRAC grant	1,098,803	1,190,948
DWAF grant	2,428,642	4,128,499
GDSD grants	4,656,785	7,561
WRDM grants	1,396,683	88,467
BKB grants	285,956	285,277
GPR-HIV/AIDS grants	-	268,479
Expanded public works programme	124,000	-
Seta training grants	25,858	-
	12,311,738	12,133,569

Movement during the year

Balance at the beginning of the year	12,133,569	15,694,726
Additions during the year	260,984,448	222,353,050
Income recognition during the year	(260,806,280)	(225,914,207)
	12,311,737	12,133,569

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

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15. Unspent conditional grants and receipts (continued)

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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16. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Unwinding of discount	Total
Landfill site rehabilitation	13,347,800	-	-	-	1,334,780	14,682,580
Leave	26,193,157	8,715,805	-	-	-	34,908,962
Gratuity Provision	1,646,656	-	(31,214)	-	-	1,615,442
Bonus Provision	10,938,171	10,568,124	(7,850,323)	-	-	13,655,972
Corporate and social responsibility	278,264	1,301,610	(189,500)	-	-	1,390,374
Collateral guarantee insurance	334,892	11,215	-	-	-	346,107
Other provisions	36,299,868	11,605,824	-	(7,516,769)	-	40,388,923
	89,038,808	32,202,578	(8,071,037)	(7,516,769)	1,334,780	106,988,360

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Unwinding of discount	Total
Landfill site rehabilitation	19,692,141	-	-	(8,575,319)	-	2,230,978	13,347,800
Leave	19,258,439	6,934,718	-	-	-	-	26,193,157
Gratuity provision	-	1,646,656	-	-	-	-	1,646,656
Bonus provision	8,356,268	2,581,903	-	-	-	-	10,938,171
Corporate and social responsibility	-	278,264	-	-	-	-	278,264
Collateral guarantee insurance	323,222	-	11,670	-	-	-	334,892
Other provisions	18,527,944	6,166,100	-	-	11,605,824	-	36,299,868
	66,158,014	17,607,641	11,670	(8,575,319)	11,605,824	2,230,978	89,038,808

Non-current liabilities	46,793,432	41,983,258
Current liabilities	60,194,928	47,055,550
	106,988,360	89,038,808

Corporate Social Responsibility Funds

The fund was established in terms of executive resolution by the Mayor in terms of which service providers and suppliers who reside outside of Mogale City Local Municipality boundaries are expected to contribute 1% out of all amounts that accrue when they tender the municipality

Gratuity Provision

The fund was established in terms of an executive resolution 30/06/86. The policy to non whites stipulated that any worker over 65yrs and has worked for the municipality for a period of 10 years and did not receive any pension compensation upon retirement. Gratuity has been paid at a 1/12 of the monthly salary for every completed years of service.

Leave and Bonus Provision

The liability is based on the total accrued leave days and accrued bonus paid.

Landfill Rehabilitation Provision

In terms of GRAP19 evaluations of provision should be done on an annual basis to reflect the best estimate at that date of provision.

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16. Provisions (continued)		
Collateral Gaurantee Insurance		
MCLM has housing guarantees with the bank on behalf of its employees. These employees contribute on a monthly basis to cover for the municipality possible losses.		
Long Service Awards Provision		
The municipality offers various types of long service awards to its employees and the key actuarial financial assumptions are as follows		
• Discount rate	7.71% (2010: 9.01%)	
• General salary inflation	6.25% (2010: 6.47%)	
The salaries used in the valuation include an assumed increase of 6.08% in July 2011. The next salary increase is assumed to take place in July 2012.		
17. Trade and other payables from exchange transactions		
Trade payables	175,748,845	159,102,411
Credit balance from other debtors	1,200,152	1,041,258
VAT Accrual	-	9,500,740
Current lease liability	280,197	2,870,670
Other payables	6,322,500	1,194,103
Salary third payments	395,886	128,060
Unpresented cheques	15,060,340	13,974,504
Creditors fair value adjustments	(1,345,929)	(1,422,396)
Consumer debtors credit balances	31,597,415	28,128,692
Receivables credit balances	1,067	835
Inventory in transit	131,483	1,823,715
Insurance claims	281,297	281,297
Unallocated cash	964,861	970,508
Undistributed deposit	6,765,248	8,074,175
Retention	10,648,281	5,836,805
Overtime Accrual	1,881,175	571,623
	249,932,818	232,077,000
18. Other financial liabilities		
Held at amortised cost		
Bank loan(Non Current)	194,539,357	152,084,339
Bank loan(Current)	11,158,838	12,109,596
	205,698,195	164,193,935
Non-current liabilities		
At amortised cost	194,539,357	152,084,339
Current liabilities		
At amortised cost	11,158,838	12,109,596
	205,698,195	164,193,935
19. Sundry deposits		
Sundry deposits		
Other deposits	7,593,896	6,805,174

Sundry deposits consists of hall, kerb, builder's water and key deposits.

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20. VAT payable

VAT payables	65,106,591	65,511,220
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21. Consumer deposits

Electricity and water	33,294,313	32,846,315
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The tariff structure of consumer deposits for home owners where there is a water and electricity meter only shows one amount.

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Financial liabilities at amortised cost	Total
VAT payable	65,037,424	65,037,424
Other current financial liabilities	11,158,838	11,158,838
Trade and other payables	252,069,316	252,069,316
Other non current financial liabilities	194,166,746	194,166,746
Consumer deposits	33,294,313	33,294,313
Sundry deposits	7,593,896	7,593,896
Unspent conditional grants and receipts	12,311,737	12,311,737
	575,632,270	575,632,270

2010

	Financial liabilities at amortised cost	Total
VAT payable	65,511,220	65,511,220
Other current financial liabilities	12,109,596	12,109,596
Trade and other payables	232,077,000	232,077,000
Other non current financial liabilities	152,084,339	152,084,339
Consumer deposits	32,846,315	32,846,315
Sundry deposits	6,805,174	6,805,174
Unspent conditional grants and receipts	12,133,569	12,133,569
	513,567,213	513,567,213

23. Revenue

Property rates	217,375,414	201,606,972
Property rates – Penalties imposed and collection charges	12,225,618	11,593,058
Service charges	790,204,861	700,773,332
Rental of facilities & equipment	7,738,915	1,601,347
Income from agency services	14,878,605	10,590,503
Fines	13,159,396	22,797,757
Licences and permits	30,891	20,846
Government grants & subsidies	260,806,280	225,914,207

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23. Revenue (continued)		
Other income	93,263,489	24,820,689
Interest received - outstanding debtors	7,547,349	12,171,238
	1,417,230,818	1,211,889,949

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	790,204,861	700,773,332
Rental of facilities & equipment	7,738,915	1,601,347
Income from agency services	14,878,605	10,590,503
Licences and permits	30,891	20,846
Other income	93,263,489	24,820,689
Interest received - outstanding debtors	7,547,349	12,171,238
	913,664,110	749,977,955

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	217,375,414	201,606,972
Property rates – Penalties imposed and collection charges	12,225,618	11,593,058
Fines	13,159,396	22,797,757
Government grants & subsidies	260,806,280	225,914,207
	503,566,708	461,911,994

24. Property rates

Rates received

Residential	225,262,507	209,214,802
Commercial	109,890,731	103,046,431
Small holdings and farms	13,181,394	11,742,209
Less: Income forgone	(130,959,218)	(122,396,470)
	217,375,414	201,606,972
Property rates - penalties imposed and collection charges	12,225,618	11,593,058
	229,601,032	213,200,030

25. Service charges

Service charges	17,955,211	14,103,033
Sale of electricity	506,842,585	439,968,111
Sale of water	130,031,552	120,524,570
Sewerage and sanitation charges	73,858,560	69,937,863
Refuse removal	61,516,300	56,237,540
Other service charges	653	2,215
	790,204,861	700,773,332

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26. Government grants and subsidies		
Equitable share	173,321,138	135,814,262
Provincial health subsidies	3,437,750	5,426,320
MIG grant	55,095,326	48,132,580
Financial management grant	1,000,000	750,000
Municipal intern grant	-	141,000
Theta	-	2,110,724
WRDM grant	3,127,284	1,272,504
Bontle ke botho grant	49,320	185,332
Seta training grant	1,552,215	2,206,455
SRAC grant	4,392,146	5,482,906
Municipal systems improvement grant (operating)	750,000	478,770
DLG water target	-	4,210,780
GDSD grant	4,350,776	11,240,439
GPR-HIV/AIDS grant	268,479	231,521
DWAF	7,440,846	8,230,614
DMEA grant	5,000,000	-
Expanded public works programme	21,000	-
Agriculture	1,000,000	-
	260,806,280	225,914,207

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 226.85 (2010: R 86), which is funded from the grant.

MIG grant

Balance unspent at beginning of year	3,869,327	5,176,907
Current-year receipts	51,225,998	46,825,000
Conditions met - transferred to revenue	(55,095,326)	(48,132,580)
	-	3,869,327

Conditions still to be met - remain liabilities (see note 15)

The grant is used for all infrastructure projects in Mogale City.

Department of human settlement grant

Balance unspent at beginning of year	2,295,011	2,295,011
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Conditions still to be met - remain liabilities (see note 15)

This grant is administered on behalf of the department of human settlement for the erection of RDP houses.

SRAC grant

Balance unspent at beginning of year	1,190,948	2,394,854
Current-year receipts	4,300,001	4,279,000
Conditions met - transferred to revenue	(4,392,146)	(5,482,906)
	1,098,803	1,190,948

Conditions still to be met - remain liabilities (see note 15)

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26. Government grants and subsidies (continued)

The grant is utilised for the libraries and sports facilities around Mogale City.

DWAF

Balance unspent at beginning of year	4,128,499	12,359,113
Current-year receipts	5,740,989	-
Conditions met - transferred to revenue	(7,440,846)	(8,230,614)
	2,428,642	4,128,499

Conditions still to be met - remain liabilities (see note 15)

The grant is used to refurbish the water care works in Mogale City and demand water management strategy.

GDSD grant

Balance unspent at beginning of year	7,561	-
Current-year receipts	9,000,000	11,248,000
Conditions met - transferred to revenue	(4,350,776)	(11,240,439)
	4,656,785	7,561

Conditions still to be met - remain liabilities (see note 15)

The grant is used for the construction of the early childhood development.

WRDM grant

Balance unspent at beginning of year	88,467	473,287
Current-year receipts	4,435,500	887,684
Conditions met - transferred to revenue	(3,127,284)	(1,272,504)
	1,396,683	88,467

Conditions still to be met - remain liabilities (see note 15)

WRDM funds various activities in the municipality e.g. HIV/AIDS, primary health care, programmes for the youth, elderly, disabled etc.

Bontle ke botho grant

Balance unspent at beginning of year	285,277	470,609
Current-year receipts	49,999	-
Conditions met - transferred to revenue	(49,320)	(185,332)
	285,956	285,277

Conditions still to be met - remain liabilities (see note 15)

Bontle ke botho is prize money received for the greater Krugersdorp town and various wards for environmental awareness and will be spent in the following year.

GPR-HIV/AIDS grant

Balance unspent at beginning of year	268,479	500,000
Conditions met - transferred to revenue	(268,479)	(231,521)

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26. Government grants and subsidies (continued)

-	268,479
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Conditions still to be met - remain liabilities (see note 15)

The grant is used for all related matters pertaining to HIV/AIDS projects.

Expanded public works programme

Current-year receipts	145,000	-
Conditions met - transferred to revenue	(21,000)	-
	124,000	-

Conditions still to be met - remain liabilities (see note 15)

As per the national government initiative this grant is utilised for labour intensive program.

Seta training grants

Balance unspent at beginning of year	-	594,509
Current-year receipts	1,578,073	1,611,946
Conditions met - transferred to revenue	(1,552,215)	(2,206,455)
	25,858	-

Conditions still to be met - remain liabilities (see note 15)

The grant is utilised to enhance skills for all employees of the municipality.

27. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	7,738,915	1,601,347
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28. Investment revenue

Dividend received

Dividends	11,224	-
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Interest received- external investment

Bank	7,443,563	9,631,419
Total revenue from investments	7,454,787	9,631,419

The amount included in Investment revenue arising from exchange transactions amounted to R 7,454,307 (2010 - R9,631,419).

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29. Other income		
Administration fees	363,805	403,380
Advertising	255,514	348,025
Application fees	327,472	256,892
Building plan fees	1,866,541	1,368,139
Bulk service connections	4,613,984	9,888,748
Cemetery fees	1,873,447	1,579,017
Contributions roads, storm water pipes	1,671,692	975,173
Insurance claims	549,872	262,348
Medical aid contributions(Pensioners)	1,349,744	1,252,083
Other income	3,446,605	4,861,267
Services connections	5,232,293	3,457,523
Unclaimed monies	6,080	168,094
Investment property fair value adjustment	71,706,440	-
	93,263,489	24,820,689

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30. Employee related costs		
Basic	234,262,768	203,813,589
Bonus	18,416,119	16,633,491
Medical aid - company contributions	10,715,472	11,609,793
UIF	1,971,577	1,820,670
SDL	88,606	71,167
Post-employment benefits - Pension - Defined contribution plan	43,361,950	36,448,579
Overtime payments	22,883,619	19,877,796
Long-service awards	190,142	-
Acting allowances	59,463	7,414
Car allowance	29,922,951	25,847,028
Housing benefits and allowances	1,699,210	2,018,160
Section 57 Salaries	9,714,749	9,465,659
	373,286,626	327,613,346
Remuneration of municipal manager		
Annual Remuneration	1,038,471	965,457
Car Allowance	144,000	161,353
Performance Bonuses	176,388	128,936
Contributions to UIF, Medical and Pension Funds	78,945	73,962
Subsistence allowance	14,058	-
	1,451,862	1,329,708
Remuneration of chief finance officer		
Annual Remuneration	785,221	752,317
Car Allowance	240,000	198,922
Performance Bonuses	-	94,553
Contributions to UIF, Medical and Pension Funds	96,207	100,850
Subsistence allowance	12,543	-
Acting allowance	5,062	-
	1,139,033	1,146,642
Governance (office of city manager)		
Annual Remuneration	967,275	976,457
Car Allowance	72,000	74,090
Performance Bonuses	80,606	94,553
Contributions to UIF, Medical and Pension Funds	1,547	1,542
	1,121,428	1,146,642
Remuneration of executive managers		
Annual Remuneration	4,772,627	4,465,510
Car Allowance	735,000	714,585
Performance Bonuses	-	245,349
Contributions to UIF, Medical and Pension Funds	438,629	417,223
Annual bonus	56,198	-
	6,002,454	5,842,667

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31. Remuneration of councillors		
Executive Mayor	679,052	627,493
Mayoral Committee Members	5,297,880	4,989,676
Speaker	502,549	479,620
Councillors	5,875,825	5,429,586
Councillors' pension contribution	3,957,768	3,810,622
	16,313,074	15,336,997
In-kind benefits		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
The Executive Mayor has two full-time bodyguards.		
32. Depreciation and amortisation		
Intangible assets	2,009,514	1,074,551
Property, plant and equipment	207,444,220	241,700,557
	209,453,734	242,775,108
33. Finance costs		
Bank	33,209,415	31,393,023
Interest paid is mainly made up of long term borrowings from the Development Bank of Southern Africa, ABSA, INCA and Wesbank.		
34. Contracted services		
Information Technology Services	33,414,859	28,690,496
Fleet Services	9,846,700	8,851,621
Operating Leases	31,723,750	12,937,355
Other Contractors	1,846,661	1,205,645
	76,831,970	51,685,117
35. Grants and subsidies paid		
Other subsidies		
Grants other	270,481	298,911
Basic services	3,816,360	4,769,433
Grants: in aid	520,392	552,039
Grants discretionary	131,903	28,550
	4,739,136	5,648,933
36. Bulk purchases		
Electricity	322,950,030	251,340,323

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36. Bulk purchases (continued)		
Water	114,950,821	98,865,129
	437,900,851	350,205,452
During the year under consideration MCLM had unaccounted water and electricity of 36%, kl 10,659,988 (29.5%:2010, kl 8,037,930) and 6.93% kwh 51,768,281 (10%: 2010, kwh 77,109,473) respectively. The total rand value of these losses were R 49,194,405 (R 38,393,318:2010) and R23,315,525 (R34,171,993 : 2010) respectively.		
37. Debt impairment		
Contributions to debt impairment provision	48,032,071	81,279,078
38. General expenses		
Advertising	688,981	761,864
Assessment rates & municipal charges	13,638,213	11,094,505
Auditors remuneration	282,225	182,199
Bank charges	1,934,531	2,031,912
Computer expenses	413,601	822,474
Consulting and professional fees	7,746,619	7,848,812
Consumables	2,817,958	2,621,685
Entertainment	241,448	175,647
Fines and penalties	3,587	-
Gifts	17,601	8,198
Insurance	2,475,015	2,608,491
Bursary scheme/External	698,000	775,352
Conferences and seminars	369,691	310,792
Lease rentals on operating lease	14,040,400	24,884,695
Fleet	427,950	180,905
Horticulture	1,760,718	1,763,920
Magazines, books and periodicals	542,843	392,569
Medical expenses	23,082	-
Pest control	17,486	17,350
Fuel and oil	10,952,529	6,875,099
Postage and courier	2,462,969	2,129,597
Printing and stationery	2,728,838	2,390,425
Protective clothing	227,552	109,153
Special Projects	13,904,083	27,082,515
Royalties and license fees	2,108,958	1,899,420
Refreshments general & meetings	628,104	595,517
Subscriptions and membership fees	2,177,898	1,874,736
Telephone and fax	16,462,564	9,826,681
Transport and freight	291,450	231,853
Training	1,451,433	1,348,219
Travel - local	1,231,576	2,071,428
Travel - overseas	95,141	342,149
Purchases for consumption	3,114,414	2,505,306
Skills levy	3,023,468	2,773,609
Contribution leave provision	9,633,212	5,565,339
Other expenses	73,405,585	61,841,154
	192,039,723	185,943,570
39. Cash generated from operations		
Deficit	(59,720,765)	(148,750,497)
Adjustments for:		

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39. Cash generated from operations (continued)		
Depreciation and amortisation	209,307,267	242,775,108
Debt impairment	48,032,071	81,279,078
Movements in operating lease assets and accruals	(361,893)	-
Movements in retirement benefit assets and liabilities	11,837,779	-
Movements in provisions	17,949,552	(15,517,926)
Actuarial gains/losses	(180,383)	(11,085,246)
Bad debts written off	-	(29,721,119)
Other non-cash items	(72,568,972)	166,210,230
Finance lease	13,581,485	-
Changes in working capital:		
Inventories	136,510,684	17,456,578
Non-current receivables	-	99,413
Other receivables from exchange transactions	2,136,171	(6,141,668)
Consumer debtors	(109,150,025)	(35,651,800)
Trade and other payables from exchange transactions	17,855,817	97,442,165
VAT	(404,629)	6,527,393
Unspent conditional grants and receipts	178,168	(6,942,137)
Consumer deposits	447,998	424,720
Leave pay accrual	-	6,934,718
	215,450,325	365,339,010

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40. Commitments

Authorised capital expenditure

Already contracted for

• Infrastructure	4,666,596	3,530,570
• Community	6,454,137	552,775
• Heritage	418,415	557,671
• Other	5,857,230	572,849
	17,396,378	5,213,865

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	44,482,881	22,665,118
- in second to fifth year inclusive	41,301,390	31,516,845
	85,784,271	54,181,963

The total future minimum sublease payment expected to be received under non-cancellable sublease	51,390,325	30,448,106
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Operating lease payments represent rentals payable by the municipality for certain of its office, trucks, motor vehicles, cellphones and 3G cards and photocopy machine. Leases are negotiated for an average term of 36-120 months. Most of the rentals in terms of these operating lease arrangements are fixed while some rentals escalate on average by 10% or prime. No restrictions have been imposed on the municipality in terms of the operating lease agreements. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	760,298	2,418,596
- in second to fifth year inclusive	1,571,511	7,022,718
- later than five years	572,739	300,195
	2,904,548	9,741,509

Certain of the municipality's property is held to generate rental income. Lease agreements have terms from 6 to 25 years. the rental escalates at 10% on average. There are no contingent rents receivable.

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41. Contingencies		
Outstanding legal matters		
Category A		
Motheo Group	1,600,000	3,200,000
Suing MCLM for damages suffered as a result of cancellation of contract.		
Enviro-fill (Pty) Ltd	2,500,000	7,000,000
Claim for damages suffered subsequent to cancellation of contract.		
Special Occasions	62,000	72,000
Claims for damages suffered after cancellation of contract without notification.		
Mathe Constructions	5,500,000	11,000,000
Suing MCLM for damages suffered as a result of cancellation of contract/ low cost housing.		
David Temple Nourse	290,000	290,000
Deed of sale (purchased land) from red coral, red coral signed a LAA with municipality and has failed to complete development .		
Charles Deuces	25,000	20,000
Claims for damages to vehicles as a result of unrehabilitated roads.		
Heldman Attorneys	0	360,000
Payment stopped by MCLM for the amount owed.		
Charles Deuces	80,000	80,000
Reimbursement of rates and taxes due to over charging by MCLM.		
Chamdor Meat Packers	0	360,000
Repayment of money by the MCLM which was paid into the wrong account.		
SA Local Authorities	0	40,612
Alleges MCLM has not contributed total amount required		
T. Chauke	150,000	
P.Gouws	100,000	
Alleges that they were unlawfully assaulted and detained by the traffic officer of council		
Subtotal	10,307,000	22,422,612
Category B		
Labour matters		
P. Moila	0	155,000
Review of commissioner's refusal to grant rescission.		
V. Tafu	0	148,524
Appeal of disciplinary case against.		
N. Mopitsing	300,000	185,652
Salary disparity		
M. Mokone	0	294,804

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41. Contingencies (continued)		
Appointment to a position based on having acted in the post more than year.		
Murray & Ors	3,000,000	230,136
Salary disputes- employees alleges that they were not paid on the notch that the were suppose to be paid.		
A. Masonganye	300,000	566,463
L. Tshoane	300,000	566,853
Unfair dismissal.		
L. Lekgetho & 10	0	294,804
Class action grievance against manager HCM for sexual harrasment, intimidation and incompetence.		
J. Mathye	300,000	566,913
N. Mabunda	300,000	537,777
J. Nkhumane	300,000	232,601
Unfair dismissal.		
Imatu Obo Mzimba	0	294,804
Salary disparity.		
B. Maluleke	0	103,716
The employer ill-treats the employee.		
S. Kuane	74,000	164,160
Remuneration.		
U. Sigabi	0	172,536
Salary discrepancies.		
Subtotal	4,874,000	4,514,743
Total	15,181,000	26,937,355

42. Related parties

Relationships

Accounting Officer

Members of key management

Mr D.M Mashitisho

Mr L.M.E Mahuma

Mr T. Ndlovu

Ms S. Mathebula

Mr D. Mokoena

Mr T. Selebi

Ms M. Mokoena

Ms M. Thelejane

Mr D. Mokotedi

43. Prior period errors

1. Unspent conditional grants

Correction of conditions met in MIG vote. Expenditure was own funded but recognised under MIG vote.

2. Accumulated Surplus deficit/ Profit and loss

a) Corrections of mig vote.

b) Correction of depreciation expense as per assets register.

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43. Prior period errors (continued)

c) Armotisation of expense as per assets register.

3. Landfill provision

Correction of valuation of landfill site as it was previously wrongly recorded.

4. Bonus provision

Bonus provision that was recorded incorrectly in the pip account which reflects on sundry debtors instead of the provision account.

5. Workmans compensation provision

Raising of the new provision of workmans compensation as it never existed before.

6. Leave pay Accrual

Leave pay accrual taken to provisions.

7. Property plant and equipment

a). Correction of the assets register as well as the assets that were captured erroneously in 2009/2010.

b). Assets incorrectly purchase under repairs and maintenance.

8. Investment property

Correction of investment property raised in assets register.

9. Inventory

VAT which was erroneously captured on inventory.

10. Intangibles

Correction of of intangible raised in assets register.

11. Sundry debtors

Correction of sundry debtors which were including the amount for bonus provision.

12. Trade payables

Roll over amounts erroneously captured as accruals in 2009/10.

13. VAT

Expenditure qualifying for input tax claim where input vat was erroneously not claimed and the VAT erroneously captured in inventory

14. Finance lease obligation

Finance lease which was previously disclosed on the notes and was added in the statement of financial position under external loans.

15. Errors affecting net assets

Derecognition of assets.

The correction of the error(s) results in adjustments as follows :

Statement of financial position

Unspent conditional grants	(3,380,980)	-
Provisions	(54,976,590)	-
Other financial liabilities	758,712	-

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43. Prior period errors (continued)		
Retirement benefit obligation	29,957,353	-
Investment property	6,134	-
Leave pay accrual	26,193,157	-
Property plant and equipment	(380,997,966)	-
Inventories	527,637	-
Intangible assets	2,457	-
Trade and other receivables from exchange transactions	1,235,133	-
Trade and other payables from exchange transactions	4,683,527	-
VAT payable	476,309	-
Finance lease obligation	(758,712)	-
Opening Accumulated surplus	370,826,102	-
Statement of financial performance		
Depreciation	3,124,365	-
Government grants & subsidies	3,380,981	-
Amortisation of intangible assets	(1,057,617)	-
Contribution to provisions	(6,911,942)	-
General expenses	6,911,940	-
Errors affecting net assets	4,121,067	-

44. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 14, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The municipality's strategy is to maintain a gearing ratio of between 0% to 0%.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2011 and 2010 respectively were as follows: 0.04% and 0.01%.

Total borrowings

Finance lease obligation	14	14,340,197	756,478
Other financial liabilities	18	205,698,195	164,193,935
		220,038,392	164,950,413
Less: Cash and cash equivalents	12	39,335,662	88,990,514
Net debt		180,702,730	75,959,899
Total equity		4,988,475,576	5,093,499,633
Total capital		5,169,178,306	5,169,459,532

Financial risk management

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44. Risk management (continued)

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecast are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 100% of its borrowings in fixed rate instruments. During 2011 and 2010, the municipality's borrowings at variable rate were denominated in the Rand value.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade and other receivable from non exchange transactions. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

45. Unauthorised expenditure

Special projects FIFA world cup	-	11,874,655
General expenses	11,823,672	-
Less: amounts condoned	(11,823,672)	(11,874,655)
	-	-

The general expenses relates to all the expenses incurred by the municipality in total and is been condoned by council. The main contributor is bulk purchases.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2,066,850	1,833,735
Amount paid - current year	(2,066,850)	(1,833,735)
	-	-

Audit fees

Opening balance	4,468	75,522
Current year subscription / fee	2,820,318	1,731,166
Amount paid - current year	(2,824,786)	(1,802,220)

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

	-	4,468
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PAYE and UIF

Opening balance	3,557,271	2,917,206
Current year subscription / fee	52,830,346	43,263,679
Amount paid - current year	(48,596,890)	(39,706,409)
Amount paid - previous years	(3,881,166)	(2,917,206)
	3,909,561	3,557,270

Pension and Medical Aid Deductions

Opening balance	5,926	1,306
Current year subscription / fee	86,990,935	78,896,918
Amount paid - current year	(86,985,009)	(78,892,298)
	11,852	5,926

VAT

VAT payable	65,106,591	65,511,220
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All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dikgale LC	689	3,661	4,350
Dintoe MS	853	3,711	4,564
Gogotya NM	999	5,550	6,549
Lekone J	1,607	1,860	3,467
Magodiello C	324	2,749	3,073
Mangole K	891	5,344	6,235
Molapo PT	686	3,941	4,627
Mpanza BJ	1,091	5,888	6,979
Putilli L	953	5,065	6,018
Ramafoko MA	307	859	1,166
Seemela E	515	3,917	4,432
	8,915	42,545	51,460

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Thobela CC	953	10,000	10,953
Mosetle Neo	2,484	718	3,202
Mokotla RJ	272	100	372
Thabe DS	648	1,869	2,517
Seemela C	477	113	590

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

4,834	12,800	17,634
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During the year the following Councillors: Dikgale LC, Dintoe MS, Lekone J, Putilli L and Ramafoko MA had arrear accounts outstanding for more than 90 days, their term expired on the 31 May 2011.

47. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Events after the reporting date

Municipality incurred an over-expenditure on general expenses as at the 30 June 2011, However council condoned it on 26th October 2011. This was done by identifying savings on the votes which have not overspent as per approved budget policy of the municipality. Refer to note 53.

General expenses

General expenses	11,823,672	-
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49. Fruitless and wasteful expenditure		
Technical review on AFS 09/10	217,448	-
Other	437,142	900,415
	654,590	900,415

2011

The municipality incurred an expenditure of R 217, 448 on the review of the financial statement which never yielded results and the work done was not worth the price quoted.

An amount of R 433,554.81 relates to penalty regarding late submission to the compensation commissioner in 2010/11 and R 3,587 relates to late payment for MEU retirement fund.

2010

The other expenses of an amount of R 121, 914.51 relates to penalty regarding the late submission to the compensation commissioner and R 778,500 relates to the administration of fine for not submitting an application for authentication of the Rangeview ext 2 development to the Gauteng Department of agriculture conservation and environmental (GDACE) as required in terms of S 24 of NEMA.

50. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	205,698,195	164,193,935
Used to finance property, plant and equipment	(49,514,685)	-
	156,183,510	164,193,935

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

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51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

COUNCIL ITEM NR DESCRIPTION	K(ii) 4(10/2010) "DEVIATION: Payment of ArcGIS and ArcVIEW license fees for the GIS software for the period 1 July 2010 to 30 June 2011".
AWARDED TO AMOUNT SECTION	Computer Foundation (Pty) Ltd R 114, 342.00 (including VAT) 36(1)(a)(ii)
COUNCIL ITEM NR DESCRIPTION	K(ii) 4(10/2010) "EXTENSION: Extended rental of speed camera equipment, software and back office support for a period of 18 months or until the implementation of the AARTO Act, whichever one commence first (extension July 2010 to Jan 2012)"
AWARDED TO AMOUNT SECTION	Total Client Services 43% payment towards contractor depending on the income per month (43/57 split) 36(1)(a)(v)
COUNCIL ITEM NR DESCRIPTION	K(ii) 4(1/2011) "DEVIATION: Appointment for provision of a Legal Opinion in terms of Councils Common Law Responsibility towards current and former Councilors outstanding Tax issues with SARS"
AWARDED TO AMOUNT SECTION	Easy Q Consulting Legal opinion not yet received. Amount will be reported in next quarter 36(1)(a)(v)
COUNCIL ITEM NR DESCRIPTION AWARDED TO AMOUNT SECTION	K (ii) 4(1/2011) "DEVIATION: Rental of a Landfill Compactor for a period of six months" Mykatrade 210 cc R 134, 000.00 (Excluding VAT, diesel and driver) per month R 916, 560.00 (Including VAT) for six month period 36(1)(a)(v)
COUNCIL ITEM NR DESCRIPTION	K(ii) 4(1/2011) "DEVIATION: Supply of branded clothing for the 2010 OR Tambo Inter-Municipal Games hosted by WRDM on 19 November 2010
AWARDED TO AMOUNT SECTION	Sedgars R 108, 000.00 36(1)(a)(v)
COUNCIL ITEM NR DESCRIPTION	K(ii) 4(1/2011) "DEVIATION: Public Participation Unit to utilize the same service providers for Buses, Marquees and Bill Boards for loud hailing, postering and pamphlet distribution for IDP and Budget Statutory Public Participation Roadshows of 2011/12 in November 2010
AWARDED TO	Thaku Thaku Transport CC (Rental for buses) Lenthatile Events and Marketing cc (Rental for Marquees tent and chairs) CheckCoast Productions (Production of bill board adverts, loud hailing, postering, pamphlet distribution, removal of posters after roadshows) Maimane Construction and Projects (Production of 1600 posters mounted on corrugated boards)
AMOUNT	R 42, 560.00 R 85, 500.00

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51. Deviation from supply chain management regulations (continued)			
		R 166, 212.00	
		R 59, 500.00	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 5(4/2011)	
DESCRIPTION		"DEVIATION: Emergency Repairs: Replace damaged Lattice Structures on the 33kV Condale - Chamdor double circuit transmission line and the replacement of the damaged 33kV circuit breaker in Condale substation	
AWARDED TO		Siemens Limited	
AMOUNT		ESPAR cc	
		R 251, 398.28	
		R 1 125, 921.00	
SECTION		36(1)(a)(i)	
COUNCIL ITEM NR		K(ii) 5(4/2011)	
DESCRIPTION		"DEVIATION: Provision of a Legal Opinion in terms of Council's common law responsibility towards current and former Councilor's outstanding tax issues with SARS	
AWARDED TO		Integrasol	
AMOUNT		Amount not available yet - will be based on number of hours allocated to task. To be reported once available	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 4(7/2011)	
DESCRIPTION		"DEVIATION: Appointment of an experienced service provider for the Review of the Organizational Transactional Data and Recovery of Money	
AWARDED TO		Comperio Forensic Services (Pty) Ltd	
AMOUNT		The fee, exclusive of VAT, will be based on 20% of actual recoverables. Should the company not be able to recover any money, no payment will accrue to the company	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 4(7/2011)	
DESCRIPTION		"EXTENSION: Emergency repairs to the 33kV Mono Pole Structure Stay-Wire	
AWARDED TO		ESPAR cc	
AMOUNT		R 91, 080.00 (excluding VAT)	
SECTION		36(1)(a)(i)	
COUNCIL ITEM NR		K(ii) 4(7/2011)	
DESCRIPTION		"EXTENSION: Extension of contract of Civitas Data Services for a period of 8 months (until Jan 2012) for the rental of Software for the capturing of all direct notices and accidents on the service providers software system	
AWARDED TO		Civitas Data Services (Pty) Ltd	
AMOUNT		An average of R 12, 000.00 per month is paid for the service rendered	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 4(7/2011)	
DESCRIPTION		"DEVIATION: Appointment of Brilliant Telecommunications to install Cables and Switches (Physical Infrastructure) in remote sites of MCLM	
AWARDED TO		Brilliant Telecommunications (Pty) Ltd	
AMOUNT		Actual expenditure amount to be reported at next meeting of Council. Estimate	
		R 986, 801.33	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K (ii) 4(7/2011)	
DESCRIPTION		"DEVIATION: Appointment of Quill to Expand the Asset Module of the BIQ Financial System in order to comply with GRAP 17 and to link the IMQS Infrastructure Asset Management System to BIQ	
AWARDED TO		Quill Associates (Pty) Ltd	

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51. Deviation from supply chain management regulations (continued)

AMOUNT	R 350, 000.00 (excluding VAT)
SECTION	36(1)(a)(ii)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"DEVIATION: Appointment of a Transaction Advisor on the Risk Sharing Model to Enhance Collection of Mogale City's Debtors Book
AWARDED TO	AloeCap
AMOUNT	An administration fee of 1% of the gross collection received MCLM be paid to AloeCap
SECTION	36(1)(a)(ii)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"DEVIATION: Appointment of an Experienced Service Provider for the land use audit of MCLM. The project will be done in phases, starting in Kagiso and the rest of the previously disadvantaged townships and then the rest of Mogale City"
AWARDED TO	Mrs Lizelle Smit (Lecturer - University of Pretoria)
AMOUNT	R 188, 500.00 (Including VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"CONDONATION: Backtrack performance fee for Robbie Malinga"
AWARDED TO	Servimate29 Entertainment
AMOUNT	R 25, 000
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"CONDONATION: 1 000 Business Card Holders"
AWARDED TO	Gositang Construction and Projects
AMOUNT	R 60, 000
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"CONDONATION: Entertainment (1 X DJ & 2 X artists) Production: Equipment, camera operator, lighting, 50 X MCLM State of the City DVD's"
AWARDED TO	Minatlou Trading 99
AMOUNT	R 112, 700.00
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"CONDONATION: Marquee, Audio Visual Equipment, Logistics"
AWARDED TO	TLT Business Enterprises
AMOUNT	R 218, 385.96
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 4(7/2011)
DESCRIPTION	"CONDONATION OF DEVIATION AND OVER-EXPENDITURE: Rental of furniture, cutlery and crockery and catering for 1 000"
AWARDED TO	K & C Events Management cc
AMOUNT	R 216, 967.30
SECTION	36(1)(b)

2010

COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"DEVIATION: Development and implementation of an enhanced Leave Management System for MCLM
AWARDED TO	Integrasol (Pty) Ltd
AMOUNT	R 121, 325.00 (including VAT)

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51. Deviation from supply chain management regulations (continued)

SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"DEVIATION: Data cleansing and matching exercise (valuation roll and revenue system) on the BIQ financial system
AWARDED TO	Total Geo-Spatial Information Solutions
AMOUNT	Approximate expenditure R 227, 447.00 (incl VAT) at a rate of R15 and R50 per entry/record for 1st and 2nd phase of the project
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Appointment of experienced service provider for the Reconciliation of Reducing of Value Added Tax Liability (VAT) for MCLM"
AWARDED TO	Maximum Profit Recovery (Pty) Ltd
AMOUNT	Fee structure to be based on a percentage of all savings to MCLM
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Management of the Leave Management system"
AWARDED TO	Integrasol Continuum CA (SA)
AMOUNT	
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 9(01/2010)
DESCRIPTION	"DEVIATION: Facilitation of a 2 day Strategic Planning Workshop for review of MCLM's strategic plan"
AWARDED TO	Group Dynamics
AMOUNT	R 57, 000.00 (including VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"DEVIATION: Additional cost incurred iro Design and Printing of the 07/08 Annual Report and 09/10 IDP/Budget and SDBIP of MCLM"
AWARDED TO	Ukhosa Design
AMOUNT	08/09 Annual report R 41, 268.00 09/10 IDP/Budget & SDBIP R 81, 225.00
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Purchase of computers and laptops"
AWARDED TO	Maponya Business Technologies
AMOUNT	Notebooks: R 200, 035.62 Desktops: R 438, 691.67
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"DEVIATION: Appointment of service provider for the waste collection and street cleaning during the municipal strike period"
AWARDED TO	Willturnkey Construction and Refurbishment
AMOUNT	R 886, 045.16 (Including VAT)
SECTION	36(1)(a)(i)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"CONDONATION AND EXTENSION: Compliance Monitoring as an Independent Environmental Control Officer with regard to Rangeview Water Reservoir Project - Q DIEM 03/2007
AWARDED TO	Sivest Environmental

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51. Deviation from supply chain management regulations (continued)

AMOUNT	Condonation for exceeding approved quotation by R 70, 205.08
	Extension of contract with R 47, 406.00 for finalisation
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Hosting of 13th iLGM Annual National Conference 18 - 20 November 2009
AWARDED TO	Silver Star Casino
AMOUNT	R 727, 466.00 (Including VAT)
SECTION	36(1)(a)(ii)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Appointment of a Human Resource Administrator on a temporary basis until 30 June 2010"
AWARDED TO	Madyatshamile Holdings (Pty) Ltd
AMOUNT	R 48, 000.00 per month including agency fees but excluding VAT and work related traveling outside Gauteng (until 30 June 2010)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"DEVIATION: Supply, Delivery and Installation of a Recording System and Audio Visuals in the Council Chambers as a matter of urgency"
AWARDED TO	Vital Change Trading
AMOUNT	R 649, 893.75 (Including VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"DEVIATION: Approval to conduct a Leica LiDAR Topographical Survey for MCLM"
AWARDED TO	Southern Mapping (Pty) Ltd
AMOUNT	Amount not to exceed R 2, 500 000.00 (Excluding VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"DEVIATION for utilization of 10 X sedan vehicles for Public Safety from Avis Car rentals for a period of 4 months"
AWARDED TO	Avis Car Rental
AMOUNT	R 120, 000.00 (Including VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 9(01/2010)
DESCRIPTION	"DEVIATION: Ad-hoc Replacement and/or repair of specialized distribution equipment"
AWARDED TO	Radikhudu Construction Projects
AMOUNT	R 73, 680.00 (Including VAT)
SECTION	36(1)(a)(i)
COUNCIL ITEM NR	K(ii) 9(01/2010)
DESCRIPTION	"EXTENSION of contracts with Multi - Waste, AVIS, Debis Fleet until 30 June 2010 and secure 6 additional compactor trucks"
AWARDED TO	Multi-Waste - 6 X compactor trucks AVIS - 10 X sedans, Landfill Equipment - 1 landfill compactor Debis Fleet - 3 X Roll-on trucks and 1 crane truck Sula Smart Supplier Services - 6 compactor trucks
AMOUNT	R 97, 470.00 per month (Excluding VAT) and R 510.00 per hour for overtime and public holidays R 126, 000.00 per month (Excluding VAT)
SECTION	R 94, 000.00 per truck (Including VAT, insurance, maintenance and driver) 36(1)(a)(v)

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51. Deviation from supply chain management regulations (continued)

COUNCIL ITEM NR	K(ii) 9(01/2010)
DESCRIPTION	"DEVIATION: Appointment of Consulting engineer for the Design, specifications of material & equipment and project management for projects related to the 33 000 volt Main Distribution Network"
AWARDED TO	Steward Scott Industrial Engineers (SSI)
AMOUNT	Consulting engineering fees will be lower than the normal SAACE fees and exact cost will be based on professional time and cost
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 9(01/2010)
DESCRIPTION	"DEVIATION: Additional work required in the Sealing for Water Tightness of the Munsieville Reservoir in terms of tender I (W&S) 35/2009"
AWARDED TO	Con Solve Civils CC
AMOUNT	R 575, 529.00 (Including VAT)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"EXTENSION of current contract with Amasondo fleet as to ensure the services of 14 specified vehicles up to 30 June 2010"
AWARDED TO	Amasondo Fleet Services
AMOUNT	Approx R 130, 000.00 per month (Including VAT) from Jan to 30 June 2010
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"EXTENSION of current contracts with various service providers as to ensure the services of 21 specified vehicles up to 30 June 2010"
AWARDED TO	Avis - 10 Sedans Multi waste - 6 compactors Landfill - 1 Tana Debris Fleet - 3 Roll-ons and 1 crane truck Sula Smart (new contract) - 6 add compactors
AMOUNT	R 97, 470.00 per month (Excluding VAT) R 126, 000.00 per month (Excluding VAT) R 94, 000.00 per truck (Including VAT) From end of Feb to 30 June 2010
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Emergency Repairs: Condale Substation Transformer 3 - Faulty on-load Tap changer"
AWARDED TO	Siemens Limited
AMOUNT	R 680, 785.64 (Excluding VAT)
SECTION	36(1)(a)(i)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Emergency Repairs: Chamdor Substation - Faulty 6.6kV vacuum circuit breakers"
AWARDED TO	Megatron Federal (Pty) Ltd
AMOUNT	R 122, 400.00 (Excluding VAT)
SECTION	36(1)(a)(ii)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Sealing of Water tightness of the Munsieville Reservoir tender I (W&S) 35/2009"
AWARDED TO	Consolve Civils CC
AMOUNT	Joint sealing: R 170 253.00 Spall repairs: R 243, 538.00

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51. Deviation from supply chain management regulations (continued)

SECTION	Roof repairs: R 161, 737.00 (Including VAT) 36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Maintenance of Bulk Water and waste water equipment tender I(W&S) 04/2010
AWARDED TO	Tecroveer (Pty) Ltd
AMOUNT	R 5, 159 849.34 (Including VAT)
SECTION	36(1)(a)(i)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"DEVIATION: Granting of Freedom of the City to the President of Twelve Apostolic Church, Chief Apostle Dr C Nongqunga"
AWARDED TO	Lenthatile Events and Marketing: Hire of marquee Hiring of chair Hiring of public toilets 400 Name tags
AMOUNT	Gen-Joy Cookers: Decorations R 184, 096.00
SECTION	R 19, 000.00 36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"DEVIATION: Execution of 2010 Project Implementation Plan"
AWARDED TO	Khalipha Entertainment
AMOUNT	Approximate expenditure of R 5, 501 000.00
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"EXTENSION of tender PS 01/2005 and renting of software for a period of one year"
AWARDED TO	Total Client Services Civitas Data Services
AMOUNT	43% of income received Once off payment of R 65, 000.00 for license fees. R1.70 (Excluding VAT) per hand written or camera violation captured on the system
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(04/2010)
DESCRIPTION	"DEVIATION: Supply and Installation of Blue Lights and Two Way Communication Radios for 30 X Public Safety vehicles as supplied by G-Fleet
AWARDED TO	Signal Systems (Pty) Ltd
AMOUNT	Blue Lights: R 5, 950.00 per system Two way radio: R 3, 320.00 per system (for 30 vehicles)
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"CONDONATION: Placement of advertisement in the City Press on 14 June 2009 for the filling of vacancies in MCLM"
AWARDED TO	Parks Communications
AMOUNT	R 105, 636.96 (Including VAT)
SECTION	36(1)(b)
COUNCIL ITEM NR	K(ii) 5(10/2009)
DESCRIPTION	"CONDONATION of expenditure incurred in terms of the extension of the Least Cost routing contract"
AWARDED TO	Brilliant Telecommunications (Pty) Ltd
AMOUNT	July 2009 R 278, 086.35

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51. Deviation from supply chain management regulations (continued)			
		Aug 2009 R 320, 303.25	
		Sept 2009 R 9, 616.08 (Maintenance only)	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 5(04/2010)	
DESCRIPTION		"CONDONATION of expenditure incurred in terms of Q 09/2007; Pauper and Indigent Burials"	
AWARDED TO		Tlholoe's Funeral Parlour	
AMOUNT		Condonement of over-expenditure amounting to R 15, 011.06 Permission to pay outstanding invoices for R 25, 906.05	
		Approval for any additional expenditure incurred until July 2010 (new tender)	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 5(4/2010)	
DESCRIPTION		"CONDONATION of payment for services rendered for the supply of 3 refuse compactors to the Waste Management section"	
AWARDED TO		Sula Smart and Supply Services	
AMOUNT		R 337, 500.00	
SECTION		36(1)(a)(i)	
COUNCIL ITEM NR		K(ii) 2(07/2010)	
DESCRIPTION		"CONDONATION of expenditure incurred not in contract I(W&S) 02/2008 Hire of Vacuum Tankers for a period of three years"	
AWARDED TO		JetVac Johannesburg	
AMOUNT		R 206, 013.39 (Including VAT)	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 2(07/2010)	
DESCRIPTION		"CONDONATION for payment of rental of additional refuse compactors during December 2009"	
AWARDED TO		Debis Fleet	
AMOUNT		R 149, 864.40	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 5(10/2009)	
DESCRIPTION		"EXTENSION of tender I (F) 01/2006 Leasing of 14 vehicles from Amasondo Fleet Services for a period of six months"	
AWARDED TO		Amasondo Fleet Services	
AMOUNT		R 778, 241.04	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 2(07/2010)	
DESCRIPTION		"CONDONATION for additional expenditure incurred for design, layout and printing of 07/08 Annual Report"	
AWARDED TO		Okusha Designs CC	
AMOUNT		R 239, 749.98	
SECTION		36(1)(b)	
COUNCIL ITEM NR		K(ii) 2(07/2010)	
DESCRIPTION		"EXTENSION of current contract with Amasondo Fleet Services up to end of June 2010"	
AWARDED TO		Amasondo Fleet Services	
AMOUNT		Approximately R 130, 000.00 per month (Including VAT)	
SECTION		36(1)(a)(v)	
COUNCIL ITEM NR		K(ii) 2(07/2010)	
DESCRIPTION		"EXTENSION: Supply, delivery and installation of all concrete palisade fencing requirements for MCLM for a period of three years (IEM 01/2008)"	

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51. Deviation from supply chain management regulations (continued)

AWARDED TO	Rideka Construction
AMOUNT	R 510.00 (Excluding VAT) per running meter
SECTION	36(1)(a)(v)
COUNCIL ITEM NR	K(ii) 2(07/2010)
DESCRIPTION	"EXTENSION of various contracts for the rental and leasing of vehicles for a period of 6 months (July to Dec 2010)"
AWARDED TO	Multi Waste Florida (6 X refuse compactors Landfill equipment) (1 X landfill compactor)
	Debis Fleet Management (1 X 16 ton crane truck) (3 X roll-on trucks)
	Amasondo (3 X tipper trucks) (5 drop side trucks) (1 X cherry picker) (5 X tractors)
AMOUNT	Approx. R 4.2M R 900, 000.00 R 1.2M R 900, 000.00 (for a period of 6 months)
SECTION	36(1)(a)(v)

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52. Statement of comparative and actual information

2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance									
Property rates	255,695,725	225,946,601		225,946,601	229,601,032		(3,654,431)	102 %	90 %
Service charges	814,637,182	804,044,888		804,044,888	790,204,861		13,840,027	98 %	97 %
Investment revenue	2,939,784	2,272,052		2,272,052	7,454,787		(5,182,735)	328 %	254 %
Transfers recognised - operational	195,103,039	195,607,967		195,607,967	247,344,434		(51,736,467)	126 %	127 %
Other own revenue	87,696,082	80,015,380		80,015,380	136,618,645		(56,603,265)	171 %	156 %
Total revenue (excluding capital transfers and contributions)	1,356,071,812	1,307,886,888		1,307,886,888	1,411,223,759		(103,336,871)	108 %	104 %
Employee costs	(382,976,380)	(373,286,626)	-	(373,286,626)	(373,286,654)	-	28	100 %	97 %
Remuneration of councillors	(16,943,382)	(16,313,074)	-	(16,313,074)	(16,313,074)	-	-	100 %	96 %
Debt impairment	(99,907,885)	(77,181,348)		(77,181,348)	(48,032,071)	-	(29,149,277)	62 %	48 %
Depreciation and asset impairment	(10,532,804)	(10,453,189)		(10,453,189)	(209,307,267)	-	198,854,078	2,002 %	1,987 %
Finance charges	(20,994,321)	(32,836,806)	-	(32,836,806)	(33,209,415)	-	372,609	101 %	158 %
Materials and bulk purchases	(399,512,109)	(437,900,851)	-	(437,900,851)	(437,900,851)	-	-	100 %	110 %
Transfers and grants	(5,432,712)	(4,739,136)	-	(4,739,136)	(4,739,136)	-	-	100 %	87 %
Other expenditure	(321,532,384)	(355,175,858)	-	(355,175,858)	(361,617,902)	-	6,442,044	102 %	112 %
Total expenditure	(1,257,831,977)	(1,307,886,888)	-	(1,307,886,888)	(1,484,406,370)	-	176,519,482	113 %	118 %
Surplus/(Deficit)	98,239,835	-		-	(73,182,611)		73,182,611	DIV/0 %	(74)%

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	103,659,068	97,405,828		97,405,828	13,461,846		83,943,982	14 %	13 %
Contributions recognised - capital and contributed assets	12,431,488	-		-	-		-	DIV/0 %	- %
Surplus (Deficit) after capital transfers and contributions	214,330,391	97,405,828		97,405,828	(59,720,765)		157,126,593	(61)%	(28)%
Surplus/(Deficit) for the year	214,330,391	97,405,828		97,405,828	(59,720,765)		157,126,593	(61)%	(28)%

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources									
Total capital expenditure	214,330,391	200,044,035	-	200,044,035	150,794,782	-	49,249,253	75 %	70 %
Cash flows									
Net cash from (used) operating	219,749,056	219,749,056		219,749,056	215,450,325		4,298,731	98 %	98 %
Net cash from (used) investing	(324,905,929)	(324,905,929)		(324,905,929)	(307,398,159)		(17,507,770)	95 %	95 %
Net cash from (used) financing	55,501,856	55,501,856		55,501,856	42,292,982		13,208,874	76 %	76 %
Cash/cash equivalents at the year end	(49,655,017)	(49,655,017)		(49,655,017)	(49,654,852)		(165)	100 %	100 %

Mogale City adopted and approved adjustment annual budget of R1,307,886,887 in february 2011. An amount of R1, 215,119,118 is cash items and R92,767,699 is non cash items which are debt impairment, depreciation and time sheets. A total of R1,226,942,860 from cash items expenditure was spent from the budget of R1,215,119,188 which resulted in an over expenditure of R11, 823,672. however that overexpenditure has been condoned by council. Refer to note 48.



Mogale City

Local Municipality

2010-2011

***ANNUAL PERFORMANCE REPORT ON THE SERVICE DELIVERY AND
BUDGET IMPLEMENTATION PLAN (SDBIP)***



Mogale City

Local Municipality

INTERNAL AUDIT UNIT

4th Quarter Report - 2010/11 SDBIP

Section: Internal Audit			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Compilation of Annual Risk-Based Internal Audit Plan.	All wards	time taken(months) to approve the Annual Risk-Based Internal Audit Plan	Final Plan approved by Sept 11	Annual Audit Plan compiled and approved by Audit Committee	Final Plan approved	—
Evaluate the adequacy and effectiveness of the system of internal controls.	All wards	No. of Internal Audit projects executed versus plan	16	15	15	2 Audits to be completed in July 2011. Land Use audit to be included in the 2011/2011 Annual Audit plan. Upon finalisation of the ICT Strategy and Framework the audit will be included in the 2011/2012 Annual Audit Plan
Management Requests	All wards	Investigations finalised as a % of investigations requested within 6 months	60%	100%	5	—
Audit Committee meetings.	All wards	No. of Audit Committee meetings held per annum	4	7	9	—
Conducting of Performance Audits.	All wards	The number of performance audits conducted per annum	4	3	4	—
Compilation of the Annual Audit Committee Report.	All wards	No. of Annual Audit Committee report tabled submitted for the Annual Report	Report Approved by Feb 11	1	Annual Audit Report completed and approved by Audit Committee In January 2011	—

OPERATIONAL EXPENDITURE
Internal Audit Unit



DEPARTMENT

Office of the Chief Operations Officer

Strategic Goal: to ensure sound governance practices within the Municipality					
Department: Office of the Chief Operating Officer		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Management Support	% total rand value of all procurement services allocated to Mogale City based service providers	25%	—	0	Liaise with Economic Services to facilitated training on Pricing; Marketing and Costing for Mogale Based service providers.
	% total rand value of all procurement services allocated to BEE service providers	50%	—	100%	—
Section: IDP and Performance Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
IDP Development and Review	No. of IDP Process Plan tabled in Council	Process plan submitted	1	1	—
	No. of public participation meetings	8	8	8	—
	No. of IDP Public advertisement published on the Website and newspapers	3	7	3	—
	No. of draft IDP tabled in Council	1	2	1	—

Section : IDP and Performance Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
SDBIP Development and Review	No. of draft SDBIP submitted to the Internal Audit for assessment	1 submitted in August	1	1	—
	No. of SDBIP Quarterly Reports submitted to Internal Audit for assessment	4	4	4	—
	No. of Performance Audit Committee meetings	4	4	4	—
Reports submitted to National and Provincial Departments	No. of Institutional Reports submitted	4	4	4	—
Tabling of the Municipal Annual Report	No. of Annual Report submitted to Council	1	1	1	—

Section: Project Management Unit (MIG)		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Financial Management of the MIG fund	total expenditure as a % of the allocated amount	80%	–	100,74%	–
	% of fund committed in terms of the allocated amount	70%	–	100%	–
EPWP programme	No. of jobs created	200	–	736	–
Reporting on MIG	No. of quarterly Report	4	–	4	–



DEPARTMENT

OFFICE OF THE CHIEF FINANCIAL OFFICER

Strategic Goal :to ensure sound governance within the municipality

Department: Office of the Chief Financial Officer		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Management Support	% total rand value of all procurement services allocated to Mogale City based service providers	25%	–	100%	–
	% total rand value of all procurement services allocated to BEE service providers	50%	–	20%	The municipality provides additional points to BEE companies
Section : Revenue Enhancement		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Revenue enhancement strategy	No. of electricity vending facilities extended	5	–	5	–
	% of water and electricity meters read monthly	85%	–	88%	–
	% budgeted revenue billed (budget vs actual billing)	91%	90%	93%	–

Section : Credit Control		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Credit Control	% of indigent households subsidised	80%	—	97%	—
	% payment level attained	89%	90%	92%	—
	% of credit control measures executed(cut-offs)	80%	—	72%	Cut-offs are done late after hours and weekend. Organise Public safety officers to accompany the officials during cut-offs.

Section : Budget and Treasury Office		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Budget Committee	No. of Budget Committee meetings held	8	8	5	Due to elections in May 2011, councillors were not available, but as of 2011/12 FY the target will be achieved as planned
Budget Compilation Process	No. of Budget process achieved (Budget process plan, draft budget and final budget approved)	3 approved	3	3	–
MFMA interactive training	No. of Staff that completed MFMA interactive training	10	10	14	–
Annual Financial Statements	2009/10 Annual Financial Statements produced by August	financial statement submitted to the AG	1	1	–
Financial Reporting	No. of monthly reports submitted to the portfolio Committee	12	12	10	Because the committee members were not yet appointed after elections in May 2011, the portfolio committee did not sit as planned but as from 2011/12 FY the target will be achieved as planned.
	No. of In year monitoring report submitted to Council	4	4	3	Submission of In year monitoring report got delayed because council only will sit on the new FY in 29th July 2011.

Section: Supply Chain Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Supply Chain Management	% total rand value of all tenders and website quotations allocated to Mogale City based service providers if available locally	25%	—	51%	—
	% total rand value of all procurement services allocated to BEE service providers	50%	—	61%	—
	% of tenders finalised within 3 months (Up to R3M) and with a value of more than R3M (Up to 4 months)	80%	69%	80%	—

Section : Expenditure Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Expenditure Management	% of All creditors settled within 30 days	80%	97.4%	93.8%	–
	No. of sick and vacation leave reconciliations and compilation of Leave Provision balances for the disclosure in the Annual Financial Statements for the financial year ended 30 June 2010	1 Annual Report	–	–	The KPI is reported under Human Resources Management as from January 2011
	Salary payment monthly	12 monthly payslip distributed	–	12	–
	Annual VAT apportionment ratio	9 months after year-end VAT apportionment ratio	–	Implemented VAT Apportionment Ratio in 22 January 2011	–
	No. of all Grants and subsidies expenditure and income report	12	12	12	–

Section : Valuations		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Implementation of the Municipal Property Rates Act	% completion of the supplementary valuation roll	100%	—	100%	—
	%review of property rates policy	100% submitted by March 12	100%	100%	—
	%By-law review	By- Law document	100%	100%	—



***DEPARTMENT
Economic Services***

Section: Economic Services			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Management Support	All wards	% total rand value of all procurement services allocated to Mogale City based service providers	25%	—	14%	The municipality provides additional points for Mogale based service providers
	All wards	% total rand value of all procurement services allocated to BEE service providers	50%	—	86%	—

Section: Enterprise Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Tourism school awareness programme	All wards	No. of schools matric learners attended the programme	30	–	57	–
Tourism exhibitions	All wards	No. of tourism exhibitions attended	2	2	2	–
SMME programme	All wards	No. of SMME summit arranged	1	1	1	–
		No. SMMEs trained	120	185	367	–
		No. business registration	60	553	389	–
		No. of Plato pilot projects	8	–	8	–
Business licensing	All wards	% of business licenses comply with by-laws completed within 3 months	25%	30%	57%	–
LED Strategy		% Approved draft LED strategy	90%	–	Draft LED strategy completed	–

Section: Housing			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Formalisation of informal settlement	31 wards	% formalisation of informal settlement in Hekpoort (Pre-feasibility)	100% Studies Completed	–	100% studies completed	–
		% formalisation of informal settlement in Tarlton	100% Studies Completed	–	100% studies completed	–
Nooitgedact Feasibility Studies	28	% formalisation of informal settlement in Muldersdrift	30% Studies Completed	–	30% studies completed	–

Section: Development and Planning			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Development planning applications	All wards	% of application received versus the compliant applications completed within 3 months	80%	100%	73%	Reports for submission to Section 80 on all compliant applications compiled awaiting inception meeting of Section 80
Building plans applications	All wards	% of building plans approved within 3 months of receipt	80%	100%	80%	—
Establishment of the land entity	All wards	% establishment and operation of land entity	Land entity established and operational	—	Establishment of entity not finalised. Awaiting presentation to Mayoral Committee. Presentation to Exco Finalised	Land entity report to be submitted to Mayoral Committee and public participation in 2011/12
Incorporation of rural area into Krugersdorp town planning scheme	All wards	Incorporation finalised by the end of June 2011	Incorporation of rural areas into Krugersdorp town planning scheme finalised	—	Advertisement and Scheme Maps completed. Objection period lapsed no objections received. Final approval by Section 80 Portfolio and Mayoral Committee outstanding	Delay caused by the Election process but Report is ready for submission to Section 80 and Mayoral Committee
Kagiso Land Use Audit	All wards	% completion of Kagiso Land Use Audit	80% complete	—	Procurement procedure completed and consultant appointed (University of Pretoria). Inception meeting finalised and work will commence on 25 July 2011 after July recess	Proceeded with Proclamation of Kagiso Extensions 2, 3, 5 and 10. Also concluded inhouse land use audit of Kagiso 4, 6 and 11 on in July 2011 going forward.

Section: Rural Development			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Rural Development Strategy	All wards	% completion of the Rural Development Strategy	80%	Procurement process undertaken	–	Provincial Rural Development Strategy have to be finalised first and then the municipality will proceed with the completion of the draft strategy
Emergency Relief interventions (Evictions and other Natural disaster)	All wards	% of intervention of emergency cases	80%	100%	Threats and intentions to evict have been reported, however, awaiting official documents.	Mobilisation of resources & alternative accommodation for resettlement
Precincts plans	30, 31, 32	% completion of precincts plans	100%	–	Final Draft reports completed and submitted for council approval.	–
Commonage Plans	30 and 31	% completion of business plans and feasibility studies	100% completion	–	business plans and feasibility studies completed	Awaiting a signed council resolution

Department: Enterprise Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Business Information Platform	All Rural Wards	No. of Rural business information platform established	4	–	4 platforms established	–
Hawker Trading Infrastructure	28, 29 and 30	Construction of gazebos completed	construction of gazebos	15 informal trading structures	4 gazebos in muldersdrif & 4 gazebos in Magaliesburg	–

Section: Housing			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Rietvallei Proper housing	Ward 1	No. of new housing units constructed	109	–	108 Units built	–
Chief Mogale Housing Development	Ward 3	No. of new housing units constructed	725	–	724 Units built	–
Rietvallei Extension 1	Ward 2	No. of new housing units constructed	80	–	80 units built	–
Rietfontein Village	Ward 29	No. of new housing units constructed	100	–	100 Units were built	–

Section: Rural Development			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Acquisition of land - Rural	All Rural Wards	No. of portions of land acquired	Approval of land acquisition	3 portions of land purchased	Reports to request permission to acquire is awaiting approval.	Reports to request permission to acquire is awaiting approval by the Executive Mayor.
Emergency Site and Services	All Rural Wards	No. of site and services established	80 sites serviced within one hector constraint based on GDARD approval	No evictions/ emergency relocations reported	—	—



***DEPARTMENT
Social Services***

STRATEGIC GOAL: To ensure sustainable service delivery to the community

Department: Social Services			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance indicator				
Management Support	All wards	% implementation of BAC resolutions on Mogale City Based Companies	100%	–	100% implementation as per BAC resolutions and quotations approved (78% of the total rand value of all procurement services allocated to Mogale City based services)	–
	All wards	% implementation of BAC resolutions on BEE Companies	100%	–	100% implementation as per BAC resolutions and quotations approved (40% of the total procurement to BEE companies)	–

Section: Social Upliftment Services			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Poverty Alleviation	All wards	No. indigent households registered	10 000	5993 indigent households registered. 2695 approved.	10 523 indigent households registered.	—
Local Action Programme for Children	All wards	No. of ECD centres audited	50	—	60 ECD audits conducted.	—
		No. of children programmes implemented	3	3	5	—
Women Development	All wards	No. of women development projects implemented		3	5	—

Section: Social Upliftment Services			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Women Development	All wards	No. of gender based workshops conducted	2	3	7	—
Disability Support	All wards	No. of programmes on persons with disability	3	3	4	—
Support of the elderly	All wards	No. of programmes implemented for elderly in all clubs	4	2	4	—

Section: Social Upliftment			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Grant in Aid	All wards	No. training programmes implemented for NGOs	2	2	2	—
	All wards	% consideration of applications for Grants in Aid	100%	96.35%	100%	—
Thusong Service Centre	All wards	No. of programmes facilitated at Thusong Service Centre	2	—	4	—
Management of HIV and Aids	All Wards	No. of male condoms packs distributed	70 000	1196531 male condoms	869 571 Male condoms distributed.	—
	All Wards	No. of female condoms distributed	14 000	54 326	67 555 female condoms distributed.	—
	All Wards	No. of people benefiting from the HIV&AIDS Ward Based Door-door program	50 000	228 349	279 704 people reached.	—

Section: Sports, Arts, Culture & Recreation			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Delivery of library and information's services	All wards	Documented headcount benefiting from library services	250 000	333 357	435 827	–
	All wards	Circulation of library resources(Books, Tapes and CDs, Manuals, periodicals and newspapers)	250 000	359 312	326 908	–
	All wards	No. of Library Outreach Programmes presented	4	17	14	–
	All wards	No. of SLA agreements signed	1	2	1	–
	All wards	Budget spent on Procurement of library resources versus allocated	80%	–	Total spent R362 113 98%	–

Section: Sports, Arts, Culture & Recreation			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Support of Mass Participation Programme	All wards	Headcount benefiting from sport facility usage	22 000	161 049	422 767	–
	All wards	No. of local sport and Recreation programmes implemented	4	6	11	–
Heritage Resources Development Promotion and Management	All wards	No. of visitors and learners hosted at Mogale Museums	3000	4765	4390	–
	All wards	No. of heritage art and culture programmes implemented	4	–	6	–
	All wards	No. of exhibitions staged	2	3	7	–

Section: Traffic, Security & VIP Protection			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Traffic Law Enforcement	All wards	No. of of children reached through road safety campaigns	2600	8346	11156	–
	All Wards	No. of roadblocks conducted for traffic law enforcement	1478	1353	2138	–
	All Wards	% of total training of children as scholar patrollers compare to required recieved.	100%	–	100%	–
	All Wards	No. of inspections conducted on by-law enforcement	1022	1022	1581	–
	All Wards	No. of traffic citation issued	270 000	146 913	118591	The TCS contract is in place until January 2012 and busy with tender process for speed camera equipment. Delayed in providing fixed cameras but all cameras are installed.
	All Wards	No. of execution of warrants	8000	22 148	10305	–
	All Wards	% road signs erected compare to the previous year	100%	80%	100%	–
	All Wards	Km of road painted	180	340	576.9	–

Section: Motor Vehicle and Driver Licensing and Registration			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Driver's License Test Centre and Vehicle Registration Authority	All Wards	% consideration of Learners Licence applications recieved	100%	100%	100%	–
	All Wards	% consideration of Drivers Licence applications recieved	100%	100%	100%	–
	All wards	% consideration of renewal of motor vehicle licence applications	100%	100%	100%	–
	All Wards	% consideration of applications for registration of motor vehicles received and processed	100%	100%	100%	–
		% consideration of applications for conversion of Foreign drivers licences	100%	100%	100%	–
	All Wards	% consideration of applications for temporary drivers licenses	100%	100%	100%	–
	All Wards	% consideration of applications for roadworthy certificates	100%	–	100%	–

Section: Traffic, Security & VIP Protection			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Security Management	All Wards	No. of buildings installed with electronic security system	3 buildings installed with electronic security system	tender awarded and preparations started	2 buildings completed (Chamdor yard and Presedent building)	Delay caused by the equipment but currently busy installing town hall.
	All Wards	No. of municipal facilities with security guards posted on a daily basis	85	85	91	—
	All Wards	No. of inspections undertaken for invasion on Municipal land	36	—	38	—
	All Wards	% attendance for the protection of Mayor, Chief Whip & Speaker	100%	—	100%	—

Section: Social Upliftment			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Aged Day Care Centre: Construction - Kagiso	Ward 7	Construction of the Kagiso Aged Day Care Centre	Site Establishment	–	Tender awarded, site handover and site established.	–
Aged Day Care Centre: Construction - Munsieville	Ward 27	Construction of the Munsieville Aged Day Care Centre	construction at window level	–	Foundations for block A completed. Guard house at wall plate level and boundary wall 90% complete.	Overtime will be initiated to catch up on lost time. However the project falls under Building maintenance as from 2011/12.

Section: Public Safety			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Speed Law Enforcement	All wards	% Growth in Annual income	5% growth on annual income	–	Comparison made as discussed with internal audit. Income on traffic fines <u>2010/11</u> - R13 290 982.54 <u>2009/10</u> R22 773 373.87 = 0% increase	The TCS contract is in place until January 2012 and busy with tender process for speed cameras equipment. Delayed in providing fixed cameras but all cameras are installed.
Offence Recognition System	All Wards	% Growth in Annual income	5% growth on annual income	–	Income on warrants: <u>2010/11</u> - R404 800.00 <u>2009/10</u> - R455 600.00 = 0% increase	LPR was faulty but the still busy with procurement process of the new LPR
Security of Infrastructure other than substations	All Wards	% of land invasions handled and infrastructure secured	90%	–	100%	–
Refurbishment of Boardroom at Traffic & Security	CBD	Boardroom fully refurbished	Boardroom fully refurbished	–	Boardroom fully refurbished by end March 2011	–

Section: Sport and Recreation			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Acquisition of library : study chairs and tables	All Wards	Number of libraries with new study chairs and tables	6	–	Supply and delivery of chairs to 6 libraries complected. Central, Lusaka, Sakkie Nel, Lewisham, Kagiso, Desmond Tutu	–
Security systems for Kagiso & Azaadville Libraries (book security)	All Kagiso Wards and Azaadville	No. of libraries installed with book security system	2	–	Total of 2 libraries installed with book security system. Kagiso and Azaadville libraries	–
Floodlights - Muldersdrift Sports Complex	Ward 28	Installation of floodlights	Floodlights installed and functional	–	Tender was advertised to appoint service provider for the installation of Floodlights.	Electrical Distribution Unit which falls under Infrastructure is currently implementing the project.
Upgrade of Rietvallei Ext. 2 & 3 Sports Complex	Ward 3	Planning towards upgrading of Rietvallei 2 & 3 Sport Complex	Planning process and designs completed	–	Designs completed	–
New Munsieville Sports Hub	Ward 27	Construction of the New Sports Hub in Munsieville	Sports Hub completed	Project on track. All the foundations have been cast. Brickwork has been completed up to floor level. Walls are done and cavities have been filled. Sewerage lines are being excavated by Pecker and the area of the main line has been cleared and grubbed. Floor was cast, steel structure was erected. water connection to be pointed out. 40% of the columns have been cast. 70% of the spoil material has been carted away.	Construction of indoor sports hub completed.	–

Social Sev capex

Social Sev capex

Social Sev capex



Mogale City
Local Municipality

DEPARTMENT
Infrastructure Services

Strategic goal: to ensure sustainable service delivery to the community

Department: Infrastructure Services			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Management Support	All wards	% total rand value of all procurement services allocated to Mogale City based service providers	25%	–	54%	–
	All wards	% total rand value of all procurement services allocated to BEE service providers	50%	–	89%	–

Section: Building Maintenance			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Repairs and renovate Ward Offices	1,2,19,23,31 and 32	6 Ward Offices renovated and repaired by 30 June 2011	6 Ward Offices renovated and repaired	–	6 Ward offices 100% renovated and repaired. 1st Quarter: Contracts awarded to contractors 2nd Quarter: 2 Ward offices renovated and repaired 3rd Quarter: 4 Ward offices renovated and repaired. 4th Quarter: 6 Ward offices renovated and repaired	–
Improvement of the Civic Center surroundings	20	Painting of the Civic Centre completed by 30 June 2011	Civic Centre painted constructed		100% Contract completed	–
	20	Construction of parameter fencing completed by 30 June 2011	Parameter fencing constructed	–	100% Contract completed	–

Section: Fleet Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Full maintenance lease of 103 specified vehicles	All Wards	% availability of vehicles (1 landfill compactor)	90% availability of vehicle ensured	–	90%	–
	All Wards	% availability of vehicles (6 waste management trucks)	90% availability of vehicles ensured	–	90%	–
	All Wards	% availability of vehicles (1st 6 refuse compactors)	90% availability of vehicles ensured	–	90%	–
	All Wards	% availability of vehicles (2nd 6 refuse compactors)	90% availability of vehicles ensured	–	0%	Procurement of rental 6 Refuse Compactors
	All Wards	% availability of vehicles(54 general vehicles)	90% availability of vehicles ensured	–	87%	Extended current lease contract to ensure availability
	All Wards	% availability of vehicles (30 public safety sedans)	90% availability of vehicles ensured	–	90%	–
Maintenance of 150 Municipal Owned vehicles	All Wards	150 Municipal owned vehicles to be available for service delivery 90% of the time	150 Municipal owned vehicles available 90% of the time	–	150 Municipal owned vehicles available 90% of the time	–

Section: Electricity Maintenance			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Maintaince of street lights	All Wards	2000 Street lights repaired and maintained	2000 Repaired and maintained	9000	3448 Streetlights repaired and maintained	–
Maintaince of traffic lights	All Wards	20 Traffic lights repaired and maintained	20 Traffic lights repaired and maintained	–	32 Traffic lights repaired and maintained	–
Electricity Network 11	All Wards	Maintenance and repairs of 11/6.6 kV Voltage Networks				
		Quarterly inspection and monitoring under taken	1000	1338	1369	–
		% substation functional from the inspection programme	60%	–	100%	–
Electricity Network 33	All Wards	Mainatenance and repairs of 33 kV Voltage Networks				
		Quarterly inspection and monitoring under taken	80	464	33	The scheduled inspections overlapped into the new financial year, the target will be reduced in 2011/12 FY
		% substation functional from the inspection programme	60%	–	100%	–



Infra Opex

Section: Water and Sanitation			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Bulk potable water distribution	All Wards	% of demand met	90% of demand	–	100% demand met	–
Bulk potable water network maintenance programme	All Wards	Extent of planned maintenance work carried out	80% of planned work done	–	80% of planned work done	–
Bulk potable water quality monitoring	All Wards	90% compliance with National Legislation	90%	–	97.32%	–
Rural water quality monitoring	All Wards	90% compliance with National Legislation	90%	–	70.51%	Bulk Water Infrastructure to be expanded to all Rural Nodes
Potable water provision to informal settlement and rural communities	All wards	Water delivered to communities on schedule 90% on time	90%	–	100%	–
Sanitation provision to informal settlement and rural communities	All wards	Sanitation serviced rendered to communities 90% on time	90%	–	100%	–
Bulk wastewater quality management for all three treatment works	All wards	Attain 40% Wastewater Quality Green Drop Management Rating	40%	–	57%	Monitoring Programme, Submission of results, Failure Response Management, Asset



Infra Opex

Section: Road and Surface Drainage			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Storm water maintenance through the engagement of community based co-operatives and contractors	27,20 & other	No. of manholes built/repared and lids replaced	4 manholes built and 28 lids replaced	14 manholes built/repared and 52 lids replaced	6 manholes built & 29 lids replaced	—
	9,16,17,18,20 &22	No. of Stormwater drains upgraded	20 Stormwater drains upgraded	—	38 Stormwater drains upgraded	—
	1,2,4,5,6,20	No.of Culverts/outlets cleaned	40 Culverts/outlets cleaned	83 Culverts/outlets cleaned	total 79 (44 culverts cleaned an 35 cleaned by council personnel)	—
	20	No. of stormwater channel cleaned and repaired	6km of stormwater channels cleaned	—	6 km of stormwater channel cleaned and repaired	—
	1,2,4,5,9 & other	No. of catchpits cleaned	600 catchpits cleaned	25 catchpits cleaned	1004 catchpits cleaned	—

Section: Road and Surface Drainage			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Storm water maintenance through the engagement of community based co-operatives and contractors	4,5,6,7,15,16,20,25,27	km of roads cleaned, 40,000m ² paved sidewalks cleaned and 200m of kerbs repaired	200km of roads cleaned, 40,000m ² paved sidewalks cleaned and 200m of kerbs repaired	—	222km of road, 41,383m ² paved sidewalks cleaned and 245m kerbing repaired	—
	16,18,21&22	No. of intersections provided with street name boards	150 Intersections provided with street name boards	—	119 Intersections provided with street name boards	tender terminated and the service provider wil be appointed in 2011/12
Implementation of speed calming measures	4,6,7,8,9,10,13,17,18,19,20,21,27,	55 speed humps constructed	55 speed humps constructed	32	61 speed humps constructed	—

Section: Road and Surface Drainage			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location	Key Performance Indicator				
Gravel road maintenance	16,28,31,32	Km of gravel road re-gravelled and km of gravel roads maintained	6km of gravel road re-gravelled and 100km of gravel road maintained	4,4 km gravel road re-gravelled and 383,7 km graded	6,3 km of gravel road re-gravelled and 292 km of gravel road maintained & 15.4 Km rural roads patched/repared	—
Tertiary roads Rehabilitation Programme : (Tar patching and pothole repairs)(Kagiso, Rietvallei, Munsieville, Azaadville & other)	6,7,8,9,10,11, 12,13,19 and 20	km of paved road rehabilitated	8km of paved road rehabilitated	4,8 km	4,3 km(phase 1) and 10,26 km (phase 2)of paved road rehabilitated	—
		m ² of road repaired (patching, potholes etc.)	4000m ² repairs	8,8 km	7860 m ² + 3105 m2 of road repaired & 10.26 Kmroads repaired and another 13,4 Km s/w damaged roads and channels repaired	—
Main arterials Roads rehabilitation and resurface (Tar patching and pothole repairs) (Paardekraal, Voortrekker etc)	6,7,8,9,10,11, 12,13,19 and 20	Km of road rehabilitated	3= 4km of paved road rehabilitated	6338m ²	6,24 km of paved road rehabilitated	—
		m ² of roads maintained	1000m ² repairs	—	1122 m ² of roads maintained	—

Section: Water and Sanitation			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (ward)	Key Performance indicator				
Ethembaletu Village bulk sewer	29	Construction of 1.5km outfall sewer and 1MI sewer pump station completed	100% Contract completed	–	95% Contract completed	Testing and Commissioning of equipment to be conducted
Rietfontein village bulk sewer	28	Construction of 3km bulk sewer line and 1 X 1ML sewer pump station	100% Contract completed	detailed designs, procurement and contractor appointment completed	85% Contract Completed	Fastrack Eskom Power Connection
Percy Stewart 10MI/d extension (Civil,Building works , Electrical, Mechanical and Instrumentation)	20,21,26 and 27	All earth works, foundation and civil works completed by 30 June 2011	50% of Civil works completed	detailed designs, procurement and contractor appointment completed	Bulk Earthworks, Clarifiers , Chlorine Conatct Tank completed and Electrical work 10% completed,	Secondary settling tank, inlet works and the biological nutrient removal civil works should be commenced.
Refurbishment of Flip Human WWTW (Electrical and Mechanical plant components)	1,2,3,4,5,6,7, 8,9,10,11,12, 13,14,15 and 19	Approved refurbishment completed	Inlet works 100% completed	–	Inlet works 100% completed,	–
Magaliesburg WWTW	31	Detailed designs for Magaliesburg Treatment Works extension completed	Award tender for admin building	Preliminary designs completed	Detailed design , tender document, and advertisement completed completed	Commencement of the design for 6MI/d wwtw
Lusaka Ext.2 & 3 renewals Phase 3	1,2 and 3	Detailed designs for Lusaka Ext 2 & 3 internal sewer reticulation completed	Approval granted to implement the project	–	Detailed design, approval granted to implement project and tender stage completed	–

Section: Roads and Surface Drainage			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (ward)	Key Performance indicator				
Pr: 2 Rietvallei Ext. 2 Roads and Stormwater	3	Planned construction 1,9km roads, stormwater 1,1km	Planning stage- Contractor Appointed	–	Contractor appointed	–
Pr: 10 Rietvallei Ext. 1 and Proper: Roads and Stormwater	1	EIA Approval, Contractor appointed. (Planned construction 1,9km roads, stormwater 1,1km)	Planning stage- Contractor Appointed	–	Contractor Appointed	–
Pr15: Western Rural Area Roads and Stormwater	27,30 and 31	Planned construction 1,9km roads, stormwater 1,1km	Planning stage: First year project priority determination by 30 June 2011	–	First year project priority determination complete	–
Rangeview Ext. 2 Roads and Stormwater	21	Planning stage: road and storm water construction (Roads construction approximately 1,2km)	Procurement process if the EIA approval is obtained	EIA Study completed	EIA Approved but procurement not done	Beacuse there was a change in scope of work, Council need to approve the layout before proceeding with the procurement.
Rural Formal Township (LEFTE): Site and Service, Access Gravel, Roads and Surface Stormwater run off provision project	23,28,29,30,31 and 32	km's of access gravel roads & km surfaced road	1,6km roads constructed	–	1,6km road construction complete	–

Section: Roads and Surface Drainage			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (ward)	Key Performance indicator				
Ethembaletu Village Access Route	29	km's of road construction	0,6km road constructed	–	0,6km road construction completed	–
Rietfontein Village Access Route (Stage 1)	28	km of road and storm water constructed	km road constructed	–	0,7km road construction completed	–
Rietfontein Village Internal Roads and Stormwater (Stage 2)	28	km of road and storm water constructed	km roads constructed	–	1,69km road construction completed	–
Kagiso (Utthanong stormwater upgrade) and Kagiso road and stormwater upgrade (2 projects combined)	6	km of storm water constructed	0,45km stormwater constructed	–	0,45km stormwater constructed	–

Department : Electricity Services

Project Name	Project Location (ward)	Key Performance Indicator	Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Krugersdorp North substation capacity Part1: transformer installation 20 MVA and 7,5 MVA		Design, procure and order the transformers	Design completed and contract awarded	–	Kdp North design complete tender advertized received adjudicated, tenderer appointed and transformer in manufacturing	–
Krugersdorp North substation capacity upgrading Part 2: Substation and distribution Network upgrading		Upgrading of the substation	Award contract	–	Kdp North design complete tender advertized received adjudicated, tenderer appointed and contractor on site, work in progress	–
Condale substation transformer installation	25	Design, procure and order the transformers	Award contract	–	Condale design complete tender advertized received adjudicated to proceed in next financial year	–
Condale substation upgrading	All Wards	Completion of the upgrading of the substation to accomodate the increase of Eskom Supply Capacity	Tender awarded	–	Condale specification complete and approved by Bid Specification Committee	The delay was caused by insufficient funds but in 2011/12 additional funds will be released for awarding of the tender.

Department : Electricity Services

Project Name	Project Location (ward)	Key Performance Indicator	Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Installation of new street light and high mast in rural areas and informal settlements	20	% of installation of new street and high mast lights	Install 80% of identified areas		Pongoville (High Masts & Street Lights)	—
					Beyers Naude Plot 140 (High Masts & Street Lights)	
					Green Hostel (High Masts & 64 passage Lights)	
					Rietvallei Ext 5 (High Masts)	
					Munsieville Ext 4 (Street Lights) Kagiso 1 1 (Street Lights), Kagiso 6 (Street Lights), West village Inf Settlement (High Masts), Kagiso 13 (Street Lights), Rietvallei 3A (High Masts), Munsieville Buffer (Street lights), Munsieville 1 (Street Lights), Vogelzang (Street lights & High Masts), Matsela Patha (Street Lights & High Masts), Magalies road & Railway Int (High Masts & Street lights), Muldersdrift, Nooitgedagt Plot 89 (Streetslights & High Masts) Munsieville & Monala int (Traffic Light), Robert Broom & Nordon (Traffic Light) Muldersdrift, Munsieville & Azaadville Sports Complex (^ High masts ea)	
Munsieville renewal electrification		House connections completed	House connections completed by 30 June 2011	—	Reticulation and connections completed and energized	—

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Mogale City

Local Municipality

DEPARTMENT
Corporate Support Services

Strategic Goal: To ensure sound governance practices within the municipality

Department: Corporate Support Services		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Management Support	% total rand value of all procurement services allocated to Mogale City based service providers	25%	–	Total awarded to service providers engaged for the year equals to R 30 239 644.17 and R 874 305.35 was awarded to Mogale Based Service Providers which equals to a 2.9% of the total awarded.	–
	% total rand value of all procurement services allocated to BEE service providers	50%	–	Total awarded to service providers engaged for the year equals to R 30 239 644.17 more than 90% of the total was awarded to BEE Service Providers	–

IDP Strategic Goal : ensure sound governance practices within the municipality					
Section : Legal Administration		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Litigation Management	% litigation cost maintained as compared to the previous year	20%	R6 609 836.00 was spent in the 2009/10 Financial Year	R5 271 403.91 was spent on litigation costs for the 2010/11 Financial Year, while R6 609 836.00 was spent in the 2009/10 Financial Year. This indicates a total reduction of R1 338 432.09 which equates to a 20% reduction	—
	months taken to finalise all bargaining Council and CCMA matters	6 monthly	Number of cases referred during to the Bargaining Council , CCMA and the Labour Court09/10: 9	49 cases dealt with at the Bargaining Council this year. 30 matters finalized as follows: 24 matters in favour of the Municipality, 6 matters lost and 2 matters settled. All 30 matters were finalised within 6 months. The outstanding 19 are still pending	—
	months taken to finalise the disciplinary hearing from Departments	3 months		14 instructions received and all (100%) finalized within time frame of 3 months.	—
Contract Development	% of request received versus preliminary drafts produced	100%	111 contracts were finalised during the year 25 contracts are drafts	92 instructions received 37 contracts were finalized and 55 preliminary drafts produced. 100% of the received requests were attended to within 21 Days	—
General legal administration	% Section 43 (1) application, Section 46 (1) application& Section 68 (1) application completed within 21 days	100%	—	3 instructions and all 3 finalized within time frame (100% completed within 14 days)	—
	% of Railway Siding Agreements received completed within 21 days	100%	—	1 instructions received and finalized within 21 days	—
	% of consent certificates received completed within 14	100%	4 street closures finalized	21 instructions and all 21 finalized	

	received completed within 14 days		1 street closure finalised	within time frame	—
	% of permanent road/parks closures received completed within 6 months	100%	—	2 instructions received 100% finalized as access control	—

Section : Human Capital Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Labour relations management	% reduction in labour related disputes referred to the Bargaining Council	30%	Number of cases referred during to the Bargaining Council , CCMA and the Labour Court 09/10: 9	9 cases referred	—
Leave Reconciliations	No. quarterly report reconciliations of leave days due and taken	1700 (employees reconciled report)	—	The total number of employees leave files reconconciled equals 253.	Due to the fact that leave administration was handed to HR in January 2011 the target will be achieved accordingly as from 2011/12

Section : Corporate Administration		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Dissemination of Council Resolutions	% dissemination of Council resolution to Departments within 14 days after the meeting	80%	Conucil resolution take are being implemented	100% of Council Resolutions disseminated with 14 days	—
Twinning agreements	No. of Twinning agreement committee meetings held	2	1 meeting held	2 meetings were held during the year. 1 with Matlosana Local Municipality and 1 with Bitou Local Municipality wherein the Twinning Agreement Implementation Plan was signed by both Municipalities.	Municipal Twinning Agreement Committee to be established
	No. of programmes/ projects identified for sharing and benchmarking	3	13 programmes identified for sharing and benchmarking as per the implementation	The Twinning Agreement Implementation Plan signed between Mogale City and Bitou on the 1st of October 2010 encapsulates 14 programmes/projects as identified for information sharing between the two Municipalities	—
Compliance with PAIA	No. of quarter reports to the Human Rights Commission	4	4 quarterly reports submitted to the Human Rights Commission	4 reports submitted to the Human Rights Commission	—

Section : Corporate Administration		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Council and Council Committees Secretariat	Minutes circulated within 14 working days of the meeting	100%	80%	229 meetings were held during the year and minutes disseminated as follows: 96% (219) within 14 Days 1% (4) within 20 Days 3% (6) within 30 Days.	—
Records Management	% Development of Records Management Policy, Development of Registry Procedure Manual and Development of Control Registers	100%	—	Both the Records Management Policy and the Registry Procedure Manual have been developed. They have been circulated to relevant stakeholders for inputs and comments, which have been received and incorporated into the Policy and Manual. Furthermore, the Records Management Policy has been tabled before EXCO, which recommended that the Policy be presented before the Corporate Support Services Portfolio Committee. 9 Control Registers have also been developed, however, 2 are currently in use i.e. the Mail Control Register and the Franking Machine Control Register	Council committees to approve the draft policy and procedure manual. The establishment of the registry be expedited.
Renaming of City, Streets and Other Public Features	No. of meetings of the Local Geographic Names Committee	4	5 meetings held for the year	5 meetings of the LGNC were held during the year	—
Municipal Telephone Management	%Rand value reduction from the previous year	10% Reduction of telephone cost	R5 433 060.34 was spent on telephones cost for the year.	Total costs for the 2010/2011 FY for Telephone costs was Telkom: R6 168 304.83 Total costs for the 2009/10 FY for telephone costs was Telkom: R5 975 756.54 which indicates a R192 548.29 (3%) increase	Brilliant Communications appointed to investigate high rental charged by Telkom which make us not to see the reduction on the bill.

Section: Human Capital Support		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Key Performance Indicator				
EAP (organisational Programmes implemented)	No. of employees counselled	100 employees	—	6 employees reached	The target seemed unrealistic but will be combined with counselling for substance dependency going forward.
	No. of HIV & Aids interventions held	16 interventions	530 employees participated in the Voluntary Counselling and Testing.	7600 Condoms Distributed	—
	No of life skills intervention held	16 interventions	39 Financial awareness sessions conducted and 78 Marketing sessions held in departments.	20 employees reached	—
	No. of National & Priority Events	16 interventions	Condom and STI Week held	—	Due to lack of capacity in the Unit, the event could not be held and there will be new personnel employed
	No. of Primary health Care services provided	100 employees	—	148 employees reached	—
	No. of substance dependency interventions held	16 interventions	56 Drugs and Alcohol Dependency sessions conducted	—	Due to lack of capacity in the Unit, the event could not be held and there will be new personnel employed

Section: Human Capital Support		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Key Performance Indicator				
Organisational Design and development	No. of Implementation of the Employment Equity Plan report	4 report	Draft Employment Equity Plan developed	1	1 report was submitted to the DoL but the implementation of the EE need to be ensured by Recruitment and Selection Unit.
	No. of Employment equity committee meetings held	4 meetings annually	The Employment Equity Committee was established and a meeting was held	4	–
	Job Profile Development (No. of Job profiled)	8 Jobs Profile	–	17	–
	Organizational Structure reviewed	1 reviewed organisational structure	–	1	–
	Policy Development - No. of policies to be revised and submitted to different committees for approval	8 Draft Policies submitted	–	4	Due to inadequate capacity, the target for revising policies was too high and for the financial year 2011/12 target will be reduced to 2.
	Policy Development - No. of new policies to be developed and submitted to different committees for approval	8	–	2	Due to inadequate capacity, the target for revising policies was too high and for the financial year 2011/12 target will be reduced to 4.

Section: Human Capital Support		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Key Performance Indicator				
Human Capital Development and Training	Re-establishment of Human Capital Development and Training Committee for Compliance with Skills Development Act.	Human Capital Development and Training Committee established	—	Committee Memebers identified	Devise new approach to recacitating the committe by requesting intervention of the Executive Management
	Management development programmes Coordinated	2 Coordinated Management Development Programme	—	2 Coordinated	—
	No. of Internship programmes coordinated	1 Internship programme coordinated	A total of 119 interns were trained during the year, through the Letsema Graduate Development Programme	1 Programme coordinated	—
	No of leanership programmes coordinated	1 leanership programme coordinated	Library Practices Skils Programme	1 Learnership coordinated	—
	% Capturing of data on Skills Audit database according to the National Lekgotla Mandate	50% Skill base record developed	—	—	There are discussion with province to download informantion to our LIMMS system for webtool database.

Section: Human Capital Support		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Key Performance Indicator				
Occupational health and safety	% OHS Legal Compliance (inspections and identification of relevant Training and Audits) compared to the previous financial year	100%	75% OHS System operational	Advert to appoint external service provider to conduct OHS hygiene Survey and OHS medical Surveillances was circulated	The service provider will be appointed by the 1st quarter for planned inspections
	Time taken to Development and approval of OHS Policy	1 OHS policy approved by 30 June 2011	–	A Draft OHS Policy was submitted to legal Department for comments	OHS Policy will be approved and implemented in the 2011/12 financial year
	% Development of the Disaster Management Plan	100% approval of the Disaster Management Plan	–	A Draft Disaster management plan has been developed	Indicator is beyond the Unit's capacity but the Evacuation Plan was developed in that regard.
	No of Evacuation Drills: (Fire hazards, Bomb scares and Hostage Situations)	At least 23 evacuation drills to be conducted by 30 June 2011.	–	4 evacuation Drills were conducted	Target was set too high as it was set in during adjustment period but will be achieved accordingly in the 2011/12

Section: Marketing, Communication and Customer Relations Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Key Performance Indicator				
Customer satisfaction	No of key forums held	4	—	1	A rooster of key forums has been prepared to ensure constant interaction between the municipality and its highest paying customers
	Number of mass customer awareness forums held	10	1	47	—
	Customer satisfaction survey conducted	1 Customer satisfaction survey report completed	—	0	The service provider has appointed on July to ensure that the survey is conducted. The department will continue to gauge the municipality service delivery programme through quarterly snap surveys.

Section: Marketing, Communication and Customer Relations Management		Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Key Performance Indicator				
Public events to showcase Mogale City Local Municipality	No. of public events and exhibitions held	10	45	46	–
Key Documents placed on the website	No. of IDP and Budget related documents placed on the City's website	12	2 (as targeted)	23	–
	% of all procurement activities placed on the website	100%	–	100%	–
	No. of Section 57 2010/11 performance Agreements received and placed on the website	All section 57 Performance Agreements	1(as targeted)	All section 57 Performance Agreements for 2010/11 were placed on the website	–
Profiling of the City	No. of adverts on City Profile	6	8	10	–
Website Updates	No. of updates done versus received	48 Annually	–	30	The department will ensure that an Events Calendar is developed and maintained (i.e. Website constantly updated)

Project Name	Key Performance Indicator	Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Implementation of integrated ICT solution	No .of stages for the approval of the ICT Solution implementation	100% implementation of project initiation and planning (Functional design specifications for 2 modules were done.)	–	The project charter inclusive of the project plan was signed. The infrastructure as well as 50% of the total modules was installed. Functional design specifications for 2 modules were done.	–
Implementation of the help desk system	No. of quarterly report completed	4	–	SharePoint was utilised for the ICT helpdesk. Monthly and 4 quarterly reports are being generated	–
% down time of the network	No. of hours network downtime is resolved priority 1(critical)	4 hourly	–	An average of 90% uptime was achieved. The network was stable and emails were available 95% of the time.	–
	No. of hours network downtime is resolved priority 2 (less critical)	8 hourly	–	An average of 90% uptime was achieved. The network was stable and emails were available 95% of the time.	–
Development of ICT Strategy	No. of stages for approval of ICT strategy	Approval of the ICT Strategy by Audit Committee	–	An ICT Strategy was developed and it was approved. An ICT User Policy was also developed.	–



Mogale City

Local Municipality

DEPARTMENT
Integrated Environmental Management

Strategic Goal: to provide sound environmental management						
Department: Integrated Environmental Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Management Support	All wards	% total rand value of all procurement services allocated to Mogale City based service providers	25%	—	60%	—
	All wards	% total rand value of all procurement services allocated to BEE service providers	50%	—	80%	—

Section: Park and Cemeteries			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location	Key Performance Indicator				
Maintenance of side walk, main routes and parks (Grass Cutting) jobs created	All wards	no. of jobs created through grass cutting projects	100 jobs	—	869 jobs	—
Maintenance of side walk, main routes and parks (Grass Cutting)	All wards	Hectares of grass cut	1400 hectare of grass cut	1797Ha cut	2340Ha	—
Development of an open space master plan	All wards	Master plan developed	Plan submitted at Exco	—	—	Consultants busy finalising the plan and will be submitted to EXCO by September 2011
Food gardens	All wards	No. of food garden supported in terms of the food garden policy	5 Food gardens supported	10 Food gardens supported	15 active food gardens	—

Section: Municipal Health			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Waste management & Environmental health	All wards	No. staff training in air quality	2 staff trained	—	2 official attended training on air quality	—
Waste management & Environmental health	All wards	No. of air quality reports produced	9 monthly report submitted	—	9 x monthly reports submitted	—
Environmental Awareness Programme to eradicate Illegal dumping	All wards	Environmental awareness and cleaning of illegal dumps	60	Stakeholders meetings, Launches; Briefing Session/Theme workshop; Adjudication process; priving functions	62 education sessions were held	—
Waste Management and Environmental Health	All wards	inspection of food premises	270	—	446 premises were inspected	—

Section: Municipal Health			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Health Care Risk	All wards	Establishment Health Care Risk Waste Data Base of service providers	Establish the data base for health care risk waste generators = 30 total to be registered	—	37	—
Data base for shopping	All wards	Establish data base for shopping centers for refuse removal purposes	50% of shopping centers recorded on data base	—	80% of shopping centres captured on the data base	—
Data base for waste transporters	All wards	establish data base & registration system for waste transporters & handlers	40 transporters & handlers registered	—	33	Due to the fact that the municipality did not have the exact number of the transporters only 33 were found to exist
Luipaardsvlei Landfill compliance with NEMA and license conditions	All wards	Luipaardsvlei Landfill Compliance Issues according to the budget allocated	Compliance to NEMA and license conditions ensured	—	A vacuum tanker rented to empty the conservancy tank.	—
Waste Management and Environmental Health	All wards	purchase of 240 litre bins	1500	—	1619 (240L bins) purchased	—

Section: Integrated Environmental Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Environmental Management Framework	All wards	No. of EMF Policies tabled in Maycom	3= 1 X EMF Policy tabled in MAYCO	Draft Status Quo report circulated for comments	1X EMF tabled and supported at EXCO on 8 June 2011	EMF will be tabled at MAYCO on 21 July 2011
Telecommunication mast policy	All wards	Telecomms on high Mast Policy Implemented	9 monthly reports and Annual Report	Telecommunication Masts Policy approved by MayCom	9 monthly report and Annual Report	—

Section: Integrated Environmental Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Rezoning Guideline	All wards	Rezoning guideline Implemented	9 monthly report and Annual Report	Rezoning guideline approved by MayCom	9 monthly report and Annual Report	—
Sub-division guideline	All wards	Sub-division guideline Implemented	9 monthly report and Annual Report	Sub-division guideline approved by MayCom	9 monthly report and Annual Report	—

Section: Integrated Environmental Management			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Measures to improve performance
Project Name	Project Location (Ward)	Key Performance Indicator				
Generic Environmental Management Plan	All wards	GEMPs Implemented	9 monthly report and Annual Report	Generic Environmental Management Plan approved by MayCom	9 monthly report and Annual Report	—
Development of Standard Operation Procedure (SOP) in relation to projects that requires EIA authorisation for internal departments.	All wards	Draft SoP developed and approved	SoP final draft submitted to Exco	—	SoP submitted to Portfolio	—
Integrated Water Resource Management Strategy (IWMS)	All wards	Number of IWRM Strategies tabled in Mayoral Committee	IWRMS submitted to Exco	—	IWRMS submitted to Exco	—

Department: Integrated Environmental			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Kagiso Cemetery	6	Ablution and office building completed	3= ablution and office building completed Dec 11	Administration and ablution facility construction in progress	Ablution and office building completed as planned	—
Azaadville Park	6	Completion of Phase 1 construction	3= Park phase 1 completed by Oct 11	detailed designs completed; public consultation undertaken; tender process concluded and fencing of park area completed	Park completed and official opening done in September 2010	—
Kagiso Regional Park	13	Construction of Phase 1	Construction of Phase 1 by 30 June 2011	EIA process concluded and detailed designs completed	Construction of phase one in progress as planned. Construction also commenced on phase 2	—
Small park development/ upgrading	31, 22	No. of small parks upgraded	3= 2 parks upgraded (Ga-Mogale and Noordheuwel)	—	Ga-Mogale, Noordheuwel and Kagiso ext 14 Parks developed as planned. Also Sneeuberg Street Park fence upgraded.	—

Department: Integrated Environmental			Annual Target	Previous year 09 to 10 Performance	Current year 10 to 11 Performance	Mitigation Measures
Project Name	Project Location (Ward)	Key Performance Indicator				
Tree Planting	All wards	Number of trees planted	1000 trees planted	—	2632 trees planted for the year	—
Luipaardsvlei Expansion (Cell Development) Phase IV	All wards	Complete Designs and Tender Document	100% complete (designs and tender document)	capping and construction of conservancy tank are on going	Geotechnical studies concluded	Designs and tender specification will be completed by 30 September 2011.
Landfill Site Development	All wards	Luipaardsvlei landfill site capping & construction of conservancy tank	Construction of conservancy tank completed	—	conservancy tank already in use	—
	30	New Landfill Site in Magaliesburg	Appointment of EIA consultant	—	Appointment of Newtown as consultant for the site selection was done and the potential sites were identified	—